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West Europe Report

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WEST EUROPE REPORT

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SPANISH PEACE MOVEMENT PREPARES FOR ANTI-NATO PROTESTS

San Sebastian EGIN in Spanish 11 Sep 84 p 11

[Article: "A Large Anti-NATO Campaign Is Being Prepared For This Fall"]

[Text] Madrid--The start of a long campaign, a continuation of the actions for the withdrawal from NATO and for the dismantling of the bases, has been the main agreement of the Coordinating Committee of the Pacifist Organizations of the Spanish Nation, which met last weekend with the participation of representatives of all the nationalities and regions, including the Basque Country.

According to the final communique of the meeting, the campaign will involve several phases and will conclude with large mobilizations in the spring of 1985, the most likely time for the referendum, if indeed it does come about. The main objectives of the campaign are: a clear referendum; no to NATO; removal of the bases; military budgets for social expenditures; dissolution of the military blocs; and neutrality for Spain.

Essentially, actions and diverse activities are foreseen for the week of 21 through 28 October, mainly for the purpose of publicizing and mobilizing for these objectives. These activities and those that will be carried out later will prepare the way for a day of mobilization at the state level planned for 2 December. It is interesting to point out that the agreements adopted for the campaign were made unanimously by those in attendance. Within the diversity of the organizations that make up the Coordinating Committee and that reflect the situation and reality of each zone of the nation, each organization has full autonomy to prepare the activities most suitable for its locality. As an assistant to the Coordinating Committee indicated to this newspaper, actions are also being prepared for the 2 days prior to 2 December to denounce the bases and Yankee installations in the country. Although there were no opposing votes, the agreement on these actions was the only one that was not unanimous. The outcome of the voting was 21 votes in favor and 21 abstentions. At the meeting, there was also talk of the recently established "Table for Pro-Referendum," and there was severe criticism of its contents, which do not even come close to covering the objectives of the whole of the peace movement in the Spanish nation, showing an eagerness for protagonism in the wake of the work of the anti-NATO commissions and the peace groups.

In another matter, and more immediately, the Coordinating Committee will participate in the campaign of solidarity with the women of Greenham Common that will be carried out from 20 through 30 September. The antimilitaristic and pacifist women plan to carry out various activities, some of which have already been specified, such as the establishment of a camp for peace in Zaragoza from 20 through 30 September, with debates, information, etc.

Crystallizing its internationalist concern, the meeting of the Coordinating Committee also analyzed aspects of the situation in various parts of the world. The committee "denounces governmental permissiveness" in the sale to Iran and Iraq of arms manufactured in Spain as well as "the use that the United States is making of bases on Spanish territory to intervene in the Persian Gulf conflict."

The communique likewise includes the committee's protest of the prohibition of a demonstration before the Chilean Embassy in Madrid in solidarity with the Chilean people, and the arguments utilized to prohibit it (that there is neither any urgency nor grave circumstances) are denounced. Those participating in the meeting also express their support for the nine people indicted for demonstrating against the presence of NATO ships in Cadiz last May as well as their support for the 13 people indicted in a chaining incident in front of the base at Rota.

Finally, the Coordinating Committee took up the situation of Ceuta and Melilla. "In view of the public treatment of the Libyan-Moroccan union in regard to the subject of fortified towns under Spanish sovereignty in North Africa, the committee agrees to open a debate on the subject in all of the pacifist organizations of the nation," according to an addendum to the final communique. And a text for discussion is proposed in which, among other things, the following is said: "We consider that one should not infer from the recent Libyan-Moroccan agreement that there is a threat to the real interests of the peoples of the Spanish nation. Neither can the said agreement be utilized as an argument to legitimize the rearmament of Spain or our remaining in NATO."

The proposed text continues by saying that "the best way to avoid a dangerous development that could lead to a war for sovereignty over the fortified towns is the negotiation of that subject by the Spanish and Moroccan states." In the proposed text, the committee states that it considers "the Moroccan claim to sovereignty over those towns to be as legitimate as the demand that Gibraltar be reintegrated into Spanish territory."

Finally, the Coordinating Committee points out that if the circumstances were to evolve toward an armed confrontation, the organizations of the committee would be strongly opposed to the conflict, as they consider that there is no real conflict between the peoples of the Moroccan and Spanish nations.

In another matter, and in view of the arrival of the representatives of the NATO military committee in Madrid on the 13th, the anti-NATO commission

has organized a "typical Spanish" reception in front of the U.S. Embassy. In the convoking flyer, edited with apparent good humor, which involves the serious denunciation of the relations of Spain and NATO, the men and women of Madrid are invited to "pay personal homage to our highest authorities." It indicates the appropriateness of coming dressed as representatives of the "eternal Spain": bullfighters, fanatics, folkloristic figures, inquisitors... The assembly will take place in front of the embassy at 8 o'clock in the evening of the 13th.

9746
CSO: 3548/345

FEAR OF HEAVY ARAB INVESTMENTS, RESIDENTS EXPRESSED

Nicosia I SIMERINI in Greek 25 Aug 84 p 3

[Article by Kh. Kharalambidis]

[Text] "Today the Islamic world is fighting on two fronts. One is the continuing battle between Arab countries and Israel, against Zionism. The second, against Hellenism, is equally important and has been continuing for years between Turkey and Greece. The international Islamic Banking and Economic Institute, which is headquartered in Kyrenia, holds an important position in the Islamic world's battle against Hellenism. The presence of the institute here in the Turkish sector of Cyprus, instead of Cairo or London, is proof of its presence in this battle of Islam...."

The above are not the words of just any person; they were spoken by Prince Faysal of Saudi Arabia on 15 July in occupied Kyrenia, the financial pillar of Ankara and Denktash. They reveal the Islamic world's feelings, intentions and ambitions not only against Cyprus, but all of Hellenism which is openly characterized as one of the two great enemies of the Islamic world. Prince Faysal unhesitatingly proclaims that the presence of the Islamic Economic Institute on occupied Cypriot soil--which it considers Turkish--is proof of its presence in this battle of Islam against Hellenism.

We have warned the government repeatedly that our land is being sold off to Arabs in an uncontrolled manner and that drastic measures should be taken to stop the Arabs' permanent mass settling in Cyprus, which is assuming the form of an invasion. Unfortunately, the authorities were indifferent. They underestimated the danger and allowed the illegal selling off of our land to go wild, to the point that there are whole areas of cities under Arab domination.

Facing this situation, the following questions tortuously and implacably come up:

First: When will the government comprehend the significance of the permanent presence of thousands of Arabs in Cyprus and understand the seriousness and magnitude of the dangers this presence involves for the country's future?

Second: When will the government act and directly and decisively take measures to check these dangers?

Third: Who can, for example, exclude the possibility that the uncontrolled and unlimited purchases of houses, apartments, businesses and lots by Arabs are occurring on behalf of the Islamic Banking and Economic Institute?

Fourth: When Prince Faysal himself warns us that the presence of the Islamic Institute in occupied Cyprus is proof of its participation in the battle of Islam against Hellenism, why are we not taking the rudimentary defensive measures?

The conditions under which Cyprus is found do not allow frivolities and negligence. Whether the government wishes it or not, the permanent Arab residents of the free areas are a great problem. There is no doubt about this. Prince Faysal himself is telling us, warning us, what Laocoon said to the Trojans. The Arabs' money may prove to be "Greek gifts."

9247
CSO: 3521/359

GREEK-CYPRIOT RESERVATIONS TO DE CUELLAR'S INITIATIVE JUSTIFIED

Athens ELEVTHEROTYPIA in Greek 10 Sep 84 p 9

/Article by Stavros Lygeros: "The Cyprus Question: A Cliff Ahead and Rapids Behind?"/

/Text/ If we judge from the "results of his work," the present initiative of de Cuellar does not approach at all the spirit of the resolutions by the United Nations General Assembly. In seeking a diplomatic success which would help his reelection, the UN secretary general knows very well that none of the prerequisites for the implementation of the UN resolutions are conducive. In his aim to solve the Cypriot problem or even to schedule a noteworthy diplomatic mobility, de Cuellar accepted as a foundation of his initiative the existing correlation of forces on the island. And since the Turks have more and stronger advantages it is logical to seek a reconciliation clearly nearer to the Turkish position.

As a result of the successive concessions in the past and, mainly, as a result of the negative climate prevailing on the domestic front, the Greek-Cypriot negotiability is weaker than the one imposed by the adverse objective conditions. In contrast to those persons on the island who speak about "a front of rejection" (meaning mainly AKEL and the Democratic Rally) it is absolutely justifiable for one to speak about a front which seeks and presses for a dialogue and an agreement with the Turks vis-a-vis any concessions.

There is no doubt that the diverging trends which appear on the domestic front reflect and deepen as well the impasses the Greek "side" (mainland Greeks and Cypriot Greeks) faces. The absence of a clear, well-planned and generally acceptable national strategy results as a rule in placing the initiative of all moves in other hands. If we do not have to face the Turkish small or large accomplished facts, shall we have to face the initiative of the secretary general?

The fact that the United Nations has become our number one weapon makes the peaceful contradiction of the Greek side understandable: It undertakes diplomatic battles in order to achieve UN interference, but when such interference is expressed, the Greek side finds out that the secretary general demands that the limits which define the Greek concessions be surpassed.

Therefore, his every initiative, regardless of the reception the Turks accord it, comes as a provocation since it results in dividing the Greek Cypriots and to a degree the Greeks of the mainland. The one side points out the inadmissibility of the concessions while the other points out their indispensability in order not to lose the opportunity for achieving an agreement.

De Cuellar's initiative did not elude the rule. Many are those who invoke in advance Papandreou's "intrasigence" in order to justify the intervention of the two large Cypriot political parties at the expense of President Kyprianou. And all these things happen at a time when we are at the beginning of a crucial and extremely slippery negotiating procedure. The unanimous and positive answer the Greek side gave to the four de Cuellar questions bridged temporarily the internal feuding but, unfortunately, it does not seem to have mended it. The climate of distrust as well as the serious differences which creep into issues of substance may give rise again to a sharper internal dispute when the negotiations overcome the initial exploratory phase.

The fact that the secretary general has adopted the tactic of graduated negotiations forces the Greek side to ponder over the consequences of a failure during one of the intermediate phases--consequences which may prove dramatic since de Duellar's initiative, as amended, has essentially satisfied the Turkish demand for equality between the two sides, which means an actual downgrading of the Cypriot government to the level of the leadership of the Turkish Cypriot community.

The most significant diplomatic weapon of the Greek Cypriot side at this time is the international recognition of its state entity in contrast to the isolation of the Turkish Cypriot pseudostate. The Greek side is absolutely justified to face with special reservations the current initiative since, in several cases, it ignores this fundamental difference.

The re-opening of the Nicosia airport under UN control for use by both sides and a planned meeting between Kyprianou and Denktash are measures which clearly lead to the recognition of the pseudostate. But what literally neutralizes the Greek diplomatic weapon and essentially eliminates the Republic of Cyprus is the establishment of an interim government with equal participation of the two sides without first finalizing a solution. One should wonder what will happen if there is a subsequent failure. It would then be impossible for the Greek Cypriots to return to the present status since, entrapped in the specific negotiation procedures, they would have been ranked practically as equal to the Turkish Cypriot community.

But, independently of all these dangers, the central question the Greek side should answer is to what extent the creation of a confederation serves the national interests. For such a solution--which by all indications is promoted by de Cuellar under the name of bi-zonal federation--to become acceptable by the Turkish side the following should be done to its satisfaction:

a. The invasion-occupation and the declaration of the pseudostate should be virtually legalized. In exchange, the Greek side would receive unimportant land concessions as provided in the 1981 Turkish Cypriot proposal (Famagusta quarters and some villages near the green line).

b. A gap should be maintained between the two communities, thus preventing the island from being reunified politically and economically. Ankara and Denktash want to avoid at any sacrifice the real reapproachment of the two communities because it contains dangers to their hegemony over the Turkish Cypriot masses.

c. Direct and indirect rights of joint rule over the whole island should be granted to Turkey.

d. Finally, a dynamic involvement of Greece in Cyprus should be avoided. The Turkish leadership wants to avoid this development in any way possible. It is not an exaggeration to say that such a confederation opens the way for future crises out of which Cyprus may come under complete Turkish domination. The contradiction of the Cypriot government lies in the fact that it is willing under multiple pressures to agree to plans which, even though they offer no guarantees at all, do isolate the Greek side dangerously.

It is evident that this painful contradiction cannot be overcome with fruitless rejections nor, of course, with nationally unacceptable concessions. Is there, then, a cliff ahead and rapids behind? Not necessarily, because a maneuverable diplomatic handling may possibly lead the de Cuellar initiative to tolerable frameworks.

According to reliable sources, the text Nicosia gave to the secretary general asking for clarifications on a number of "hot" points as, for example, on the departure of the occupation troops, is moving toward this direction. Indicative, also, is the recent Papandreou statement on the Cyprus question which is directly referring to some of these points.

Even if the diplomatic handling of the Greek side averts its isolation, this can only be one answer of a usual character. The strategic answer to the chronic deadlock of the Cyprus issue should be given at a different level. Only if Athens and Nicosia proceed with these actions which will make Ankara's firm targets unattainable, only then will the Greek Cypriots cease being dragged from blackmail to blackmail and from concession to concession.

7520
CSO: 3521/364

BRIEFS

POLAND STOPOVER RULED OUT--Prime Minister Papandreou will visit Stockholm on the invitation of his Swedish counterpart Olof Palme on 18 October; he will return to Athens on 19 October, according to a government announcement. In answer to a question, the government spokesman said that the date for Mr Papandreou's visit to Poland has not yet been set. The question was in regard to the possibility of Mr Papandreou combining the two visits. However, according to published information, Sweden had rejected this possibility, which had been proposed, as published in the magazine ENA, during the negotiations for the date of his visit to Sweden. The Swedish government had refused to accept the proposal because it did not wish to be seen as accepting the visit of a prime minister who would have previously visited Poland, thus according official recognition to General Yaruzelski's regime. Sweden is where refugees arrive after illegally leaving Poland by way of the Baltic. It is thought that there are 10,000 such refugees in the country. [Excerpts] [Athens I KATHIMERINI in Greek 27 Sep 84 p 2]

CSO: 3521/3

DELEGATES WALK OUT OF PROGRESSIVES' MEETING IN BASE DISPUTE

Opposed Radar Stations

Reykjavik MORGUNBLADID in Icelandic 28 Aug 84 p 2

[Text] The Progressive Party electoral district Meeting for the West Fjords area, held Sunday in Bolungarvik, was an eventful one and the result of the meeting, it may be said, was that the two leaders of the Progressive Party chapters in the West Fjords, Heidar Gudbrandsson from Sudavik and Gudmundur Jonas Kristjansson of Flateyri, left the meeting before it was over. They did so out of disagreement with changes that Progressive Party Chairman Steingrimur Hermannsson made in the statement that they were proponents of. The statement was originally against the construction of radar stations in the West Fjords and in the Northeastern Region. After the amendments offered by Hermannsson had been accepted the statement was against construction of a military radar station in the West Fjords. "I took into account the discussions of the matter and the great changes that have taken place in views. Supporting, for example, approval of the station is the fact that the Icelandic Post Office would take charge of the operation and upkeep of the radar station that could be built there and that Icelanders would be employed at such stations." So said Steingrimur Hermannsson, chairman of the Progressive Party, when MORGUNBLADID asked him about events at the West Fjords electoral district meeting in terms of the statement on the radar stations.

There was also agreement that the Icelandic Aviation Administration should have full use of such stations, and likewise the Icelandic Coast Guard, if the need should arise. "I think that to be a complete change, compared, for example, to a radar station at Hofn at Nornarfjordur, a military base, although such stations could not be called military. I have considered the matter very carefully," said Hermannsson, "and I am against increased military activity. I feel on the other hand, however, that if we have a defense and maintain it in Iceland this defense should be as complete as possible. There is a major gap in our defense towards the north and since it is possible to close this gap in this manner I think it is highly advisable to do so."

Heidar Gudbrandsson, Chairman of the Sudavik Progressive Party chapter, said the following when MORGUNBLAID talked with him: "Eleven of us out of 40 at the meeting supported the proposal and I think that at such a meeting the delegates should be able to offer proposals, even though the leadership of the party is not always in agreement with them."

Gudbrandsson said simply that he wanted to call a spade a spade and that he is opposed to having a large intelligence network built in the West Fjords and in the Northeastern region for a foreign great power. "Steingrimur Hermannsson, on the other hand, was against having the proposal issued by the meeting. He was able to bring about a change of one word in the resolution, the radar station became a military radar station, and therewith the proposal was no longer what we supported," said Gudbrandsson. "I thereupon stood up and announced to the meeting that I could no longer see anything of my proposal in the statement. I said also that things were being done in such a way that I could no longer remain and therewith left the meeting."

Columnist Examines Dispute

Reykjavik MORGUNBLADID in Icelandic 6 Sep 84 p 9

[Commentary by 'Staksteinar': "The Radar Stations Are Only for Defense and Surveillance"]

The Struggle about the Radar Stations

> [Text] THJODVILJINN has asked for the foreign help to obtain weapons in its propaganda struggle about whether or not it is necessary to replace the radars of the garrison force at Keflavik and at Hofn at Hornafjordur and to build new in the West Fjords and at Langanes. Svarrir Haukur Gunnlaugsson answered the questions of MORGUNBLADID on this matter, as can be seen from the Wednesday issue. Staksteinar discusses the matter in more detail today.

Asking for Foreign Help

It was recently reported in Staksteinar that the Union of Military Base Opponents has seen it best to convene a meeting to ask for foreign help. After consultation THJODVILJINN has addressed foreign advisors so as to obtain their participation in domestic discussions on the defense of Iceland. There is no doubt that the people at THJODVILJINN have talked with foreigners in the same way that Olafur R. Grimsson talked with Milton Friedman on television, trying to get Friedman to say that it did not matter at all what the Icelanders said if something was not convenient for the policies and absurdities of the People's Alliance--with a well known good taste and modesty Grimsson made it in fact clear that Friedman's hosts had misinformed him.

Einar Karl Haraldsson, editor of THJODVILJINN, who is about to start on a trip to the headquarters of NATO in Brussels to find out "everything" about the Atlantic Alliance with the sponsorship of the United States Cultural Office in Reykjavik, wrote an interview with one participate in the conference of the Union of Military Base Opponents, Malcolm Spaven, known as a political expert. He is the information chief of the ADIU [expansion unknown] for Sussex Universities in England and disseminates information on arms and disarmament. The interview was primarily concerned with doctrines that the People's Alliance has long been a proponent of and which enjoy great popularity with the "news reporters" of PRAVDA and IZVESTIYA in Moscow and Novosti in Iceland. These doctrines state that Iceland is to be a key pviot in the American system of aggression against the Soviet Union.

"These assertions (that is, in the statement made by the Icelandic Foreign Minister to the Althing this spring, Staksteinar) on no weapons of attack and on the defense of Iceland have not been strong enough. It is a myth that the United States military is in Iceland to protect Icelandic territory," says the British Information chief in the THJODVILJINN interview and produces thereby a chorus of propaganda as an associate of the military base opponents and major public spokesman of the view that Iceland should put a price on its security and let the Americans pay for the right of offering it since they are in Iceland only out of their own needs.

New Basis of Comparison

Malcolm advances new doctrine in his comparisons which, as is known, are intended to prove that the United States is equally bad if not worse than the Soviet Union. Spaven's doctrine interprets the violation of Swedish sovereignty by Soviet submarines as follows: "The political neutrality of Sweden has been threatened by the entry of submarines into Swedish territorial waters one after the other and the same can be said of Norway. These activities have been attributed to the Soviets. United States warships, some of which carry nuclear weapons, come on visits to Ireland to call attention to themselves, etc."

The doctrine here is this: the secret trips of Soviet submarines within Swedish territorial waters, directly intended to undermine Swedish defenses and feared by the Swedes, are equated with the public visits of United States warships to Irish harbors.

Most likely we will next be told that the SAS aircraft that Soviet fighters chased recently in Swedish airspace was an American spy plane--and, as is known, some seek to "justify" the attack of Soviet fighters on the Korean airliner when 169 persons were destroyed last year with the statement that the Korean aircraft had been fitted out by the United States CIA spy organization.

Misrepresentation of Iceland

Sverrir Haukur Gunnlaugsson, division chief in the Icelandic Ministry of Foreign Affairs, answered in MORGUNBLADID on Wednesday some of the assertions put forward in the Spaven interview. Einar Karl Haraldsson said in THJODVILJINN yesterday that the substantial explanations of of Icelandic politicians were "salesmanship." The editor of THJODVILJINN thinks more important what foreign spokesmen say to them. For example, it is a particular matter of concern for Haraldsson that the assertion of Spaven is right that the number of AWACS aircraft at the Keflavik airbase will increase whereas Gunnlaugsson said that this will not happen.

Spaven said at the end of his THJODVILJINN interview, among other things, "In conclusion I wish to mention that proposals whereby the Icelandic Coast Guard would play an increased role in providing information to the United States military are very much in conformity with what the Americans are trying to do elsewhere in the world, for example, in Japan, and would be both convenient for them and economical."

The statement is made here that it is the Americans who wish the Icelandic Coast Guard to increase its role in surveillance in Iceland. The song is the same old one from THJODVILJINN--anything done to increase Icelandic security is bad and thus originated by the United States. There is reason to oppose these views of Spaven. The issue is one of Icelandic pride which is reason to take action as soon as possible if for no other reason than because of the report that unknown persons have been seen on a dingy in the Seydisfjordur and near Seltjarnarnes.

9857
CSO: 3626/40

VAN MIERLO PREDICTED TO BE NEW LEADER OF D'66 PARTY

Amsterdam DE TIJD in Dutch 31 Aug 31 pp 8-12

[Report by Gerard Driehuis and Tom-Jan Meeus: "D'66 (Democrats '66) Is Waiting for Hans van Mierlo; the Return of an Awkward Memory"; passages in slantlines published in italics]

> [Text] Hans van Mierlo primary candidate again? The founder of D'66 himself neither includes nor excludes the possibility. And the party acts--/officially/ anyway--as if there is nothing wrong with Engwirda and as if Van Mierlo's arrival is not a point of discussion. But in the corridors of parliament and over drinks there is active discussion and calculating about the arrival of the Savior from Amsterdam. Even Maarten Engwirda is thinking up little tricks to pull Van Mierlo over the line. The following is about the unwise action of Wolffensperger, a search action into "the leak," and the chance of a small miracle.

/"No, I don't exclude the possibility that I might become the primary candidate. It is very simple. I don't intend to be the candidate; I don't have that intention now, and I have not had it either. However, I never exclude the possibility entirely. It is always nonsense to exclude such a possibility."/ (Hans van Mierlo on 26 Aug 84 to DE TIJD.)

/"Yet, I do have the feeling, or the hope, or whatever, that one day I will convincingly return to politics. I don't know if or how; I know that the possibility is slight. But I'll take that risk. If ultimately it doesn't happen after all . . . well, OK."/ (Hans van Mierlo in June 1977 to DE TIJD on the occasion of his departure from the Second Chamber.)

/Acting chairman of D'66, Bob van den Bos:/ he laments softly that it is a pity that a primary candidate normally becomes a member of the chamber for a period of 4 years. "That will of course be difficult for Hans. He has already experienced everything, and now another 4 years in the chamber . . . That will make it more difficult to pull him over the line . . ."

/The party spokesman,/ pensively: "One should also wonder how to sell that, right? After all, we're coming with the '67 leader as our new image for the future . . ."

/Parliamentary Group Chairman Maarten Engwirda:/ "It remains to be seen whether the people, the voters, really think that Hans is better than I. Well, if that should turn out to be the case . . . Therefore I would really appreciate such a poll. A poll in which it becomes clear how much difference it makes whether I am the leader of D'66, or Hans van Mierlo is. It is one thing for /members/ of D'66 to think that I should go, but if /voters/ were to express themselves . . ."

For many years Hans van Mierlo was away, very far away. It was partly his own choice, but that was certainly not in the least because his own party saw an awkward memory of the past in him. He originated from a past in which the striving of D'66 was aimed at the formation of a progressive people's party and he persisted in that striving even when he had been miserably betrayed in that effort by Den Uyl and the PvdA [Labor Party]. The party did not forget that. Had Hans van Mierlo not steered D'66 toward ruin by making the party second fiddle to the PvdA (at least in the eyes of Hans Wiegel [leader of VVD--People's Party for Freedom and Democracy])? Wasn't it Van Mierlo who continued to hold on to a combination of the progressive parties for so long that finally there was no individual role left for D'66 itself? Moreover: Van Mierlo was superfluous. D'66 had a new, important votegetter in Jan Terlouw, so why should Van Mierlo appear on the scene again?

In 1979 it was evident once again how deep the distrust of Van Mierlo had become in the tidy ranks of D'66. For the first time he wanted to become active again within the party, as candidate for the European elections. The party was opposed; it saw too much of a leftist danger in Van Mierlo. He was not orthodox. One demanded /Laurens Jan Brinkhorst/ (who meanwhile has become the EEC ambassador in Tokyo) as a watchdog along with Van Mierlo. Van Mierlo took the hint and withdrew.

But even in 1981 the party still hesitated about the D'66 value of its founder. The possibility of Van Mierlo becoming minister of defense increased the chance of success for the Van Agt/Den Uyl/Van Mierlo cabinet, but there were still doubts as to whether "Den Uyl's friend" was able to represent D'66. Ultimately he became minister because no other candidate for defense could be found within D'66. But obviously no one was waiting for him.

That has changed a little--let's express it carefully--in the past few months (see the aforementioned quotations from top echelons in the party). It has changed so much that it is almost impossible to describe the squabbling, the leaking of letters, the tearing to pieces of Engwirda, the self-immolation of crown princes like Kohnstamm and Wolffensperger and finally (typically D'66, the party of openness), the assault on the press. Nevertheless an attempt will be made later in this story to describe those events. First let's go into the cause of the problem.

The cream of the democrats know how to tell their story tastefully: "Three out of four Netherlanders opt for D'66 as the second party of his or her choice." There are references to secret poll results which make that clear. It is not unthinkable that those figures really do exist: who indeed would

like to face a choice between only /Nijpels, Den Uyl and Lubbers/? Who, however, considers himself released from that choice if the fourth possibility is /Maarten Engwirda/? Two out of one hundred voters, as it turns out (0.08 out of four). On paper, that gives D'66 three seats.

The decline has been going on for years. /Jan Terlouw/, who became the leader when D'66 still represented 0.2 percent of the voters, brought the potential following to a climax in the spring of 1981. At that time D'66 virtually had over 20 seats. /Who is to say we won't get bigger than the CDA"/ he rejoiced at that time. In the 1981 elections his following had already dwindled to 17 seats.

Then followed the tragicomedy of the cabinet in which Terlouw's fame as prodigy got lost. When subsequently Terlouw kept D'66 in the Van Agt Cabinet after the PvdA had split off, things went rapidly downhill. "We were the PvdA's second fiddle; now we are Van Agt's appendage," shouted a D'66 member during one of the then numerous attempts to remove Terlouw. But Terlouw was not removed; instead the D'66 following declined to one third.

And then Maarten Engwirda arrived. /What/ he actually does wrong is one thing, /that/ he does it wrong is another--at least in the eyes of his party associates. Meanwhile many attempts have been made to remove him. The party following once again has decreased to one third.

One shouldn't pay attention every time a would-be D'66 corypheus finds it worthwhile to announce himself as the savior of the party. But last week the attempt to throw out Engwirda took an unexpected turn again. Once again a little crown prince turned to the media, thinking of becoming the new great leader of D'66, over the head of Engwirda. First, in the spring, party chairman Jacob Kohnstamm had already thought briefly that he could rise on the back of Engwirda (since Engwirda "doesn't have it"]. He didn't get much support. Kohnstamm is still chairman, but no longer the potential leader.

Moreover, he is on vacation this week. That is curious, for certainly there was plenty of reason for his presence. The turmoil about Engwirda, about his succession, about the future started again. Again at the expense of the little crown prince, with Van Mierlo as a continually less inescapable solution.

Perhaps it is Gerrit Wolffensperger's own fault that he is too ambitious. For even the party executive doesn't deny that he is or was capable of providing D'66 once again with a firm role in national politics. Wolffensperger /is/ a clever administrator; Wolffensperger /has/ charisma; Wolffensperger /has/ an attractive appearance--in short, the Amsterdam alderman meets all the demands posed by the democrats of a potential party leader. However, Mr drs Gerrit Jan from Amsterdam sometimes makes little mistakes, painful little mistakes. And last week he made some /too/ painful mistakes.

Give an interview to DE TELEGRAAF? Of course, you can't blame him for that. But to start talking again to that paper--as he did last week--about the

desirability of a new political leader and, in doing so, presenting himself as such--that caused bad blood in the party executive. Although Wolffensperger, according to DE TELEGRAAF, was not really "screaming with ambition, tapping his feet" to succeed Engwirda, he /was willing/ and that was bad enough. Indeed, that caused the party executive to see the discussion on Engwirda's leadership opened up again for the umpteenth time--and the most recent party history has proven that that results primarily in a loss of seats.

Thus that was unwise of Wolffensperger. But what already was hinted at slightly in the columns of DE TELEGRAAF was subsequently revealed by DE VOLKSKRANT last Tuesday: the D'66 sections in Amsterdam, Rotterdam, The Hague and Utrecht had addressed the executive committee in writing with the request to indicate early the primary candidate for the coming elections. It was an apparently simple request with nevertheless a loaded meaning. Wasn't this the umpteenth expression of distrust toward Engwirda? The fact that it existed was tolerable, but the fact that it had been out /on the street/ since last Tuesday was less attractive. The result was anxiety in the party ranks, renewed discussion in the party executive and advisory council, and revived attention from the press; in the democrat camp they are very well acquainted with the results of such types of news items. An investigation campaign into /leaks to the press/ was even considered. Perhaps the "party of openness" could get advice from Nixon's plumbers.

The discussion in the party executive rapidly centered around the question of who was responsible for the "leak" to DE VOLKSKRANT; who had let himself be used for such stupidity. For a long time the answer remained unclear. Until we spoke with Maarten Engwirda. His statements proved to be surprisingly harsh this time.

"The Party Suffers"

Friendly Maarten in a harsh mood: "I don't understand that that discussion is started again and again. The party is suffering enormously from that."

[Question] /But apparently there is again and again a need in D'66 to publicize that discussion more widely./

[Engwirda] "Yes, Wolffensperger announced himself via DE TELEGRAAF as a candidate for my succession. He is "up" for a place on the list. Of course he doesn't say that it should be exclusively the /first/ place; it can also be the /second/, /third/ or /fourth/ place. But in that manner that leaked letter is given a different emphasis, of course."

[Question] /Did Wolffensperger have deeper intentions?/

[Engwirda] "He claims that he did not know that DE TELEGRAAF was going to print his statement. But the result was in any event that DE VOLKSKRANT started digging for that letter. And meanwhile I have clearly been given to understand that the chair persons of the departments who wrote the letter did not go after publicity."

[Question] /Then who did? Wolffensperger?/

[Engwirda] "The culprit is not known."

[Question] /And does the culprit aspire to the first, second, third or fourth place on the candidate list?/

Engwirda roars with laughter for a few moments. Afterward: "Let me say this: whoever is doing it is demonstrating very little political sensitivity in rekindling the discussion."

Unwise Action

In any event it is too late for that. And since this was not the first time that Wolffensperger had bypassed the party executive, it is becoming very late for him too. After Kohnstamm, he too has exhausted his chances as future leader of D'66. His unwise action made him definitely unsuitable in the eyes of the D'66 establishment. One leaves no doubt about that in the corridors of parliament.

Many have already fallen in that manner: Terlouw, Brinkhorst, Ineke Lamberts, Kohnstamm, Gerrit Mik and Engwirda. And just as in the other party, the oldest candidate is always the one who is left. However, if one wants to follow the discussion on the manner in which Van Mierlo is slowly being helped over the line, one must pass many a hurdle.

Not Public

Although wooing of Hans van Mierlo is the order of the day, D'66 members still have considerable trouble with the carrying out of plans passionately propagated in the sixties by the then party leader. Openness of meetings is nothing but a weak concept these days, nice for cultivation of the party but not really usable when it really matters.

Last Thursday the party executive met in Utrecht in order to discuss, amongst other things, the proposal of the four large cities which pointed to the desirability of an early indication of the new primary candidate (read: Van Mierlo) for the May/June '86 elections. The new leader would then have additional time to prepare himself. Moreover, the campaign of the municipal council elections of '86 would not be made impossible then by internal quarreling about the succession. Many a municipal council member sees his job endangered if in the midst of the campaign the argument about leadership rages. Therefore the new leader ought to have been indicated long before that campaign.

The executive committee meanwhile had expressed itself less positively on that suggestion; it was not definite whether the party executive would follow that line. Maarten Engwirda had announced his plan to attend the meeting. And for convenience, we too reported our coming to the party spokesman.

That was not a smart thing to do, for barely had we put the horn on the hook or the party spokesman arrived with the historical announcement that "part of the meeting would probably not be open to the public after all." Oh, really? "Yes; it is possible, you see, that individuals will be discussed, and then it is our rule that the meeting is closed."

"Hi, Maarten, hi Elida!" As befits a real leader and his capable assistant, members of the chamber Engwirda and /Wessel-Tuinstra/ enter the Jaarbeurs hall in Utrecht some 10 minutes late. Until that time, the party executive had been explaining the excessively pessimistic attitude of the Gouda section and similar matters, but now it can really take place: the discussion on the "letter of the four large cities." Engwirda lights a cigarette.

"The executive committee is not enthusiastic about the proposal of the four large cities," reports committee member Ewout Casee in sober wisdom. "We propose to establish the election platform in January '86 and to have the new primary candidate chosen afterward."

When subsequently the members of the executive are allowed to have their say, they are cut short. One is not allowed to speak as yet about the /consequences/ of a decision to be taken. Thus one cannot speak about the position of Engwirda: that can be brought up for discussion the next time around at the earliest. And one is not allowed to mention the /how/ of the "leak" to DE VOLKSKRANT either; in those matters deputy chairman /Bob van den Bos/ takes the floor. He knows what DE TIJD is not allowed to hear.

Nevertheless it rapidly becomes clear that a broad representation in the party executive is in favor of an early election of the primary candidate. And when the speaker objects to the proposal and wonders "how things will go when we have /both/ a primary candidate /and/ a parliamentary group chairman," Chairman Van den Bos remarks dryly that the possibility cannot be entirely excluded that both jobs will go to the same person. "Oh," people joke from various directions, /"we had not really given any thought to that possibility."/

Finally the party executive makes the decision--partly to keep the internal party democracy intact--to compromise with the four large cities: the appointment of the primary candidate is moved up by a few months. The adjournment subsequently inserted appears to be primarily intended to get rid of DE TIJD. The discussion following now will concern "individuals." Public meeting, my eye.

"As Interim Head"

While Party Leader Engwirda, in closed chambers, urgently requests the executive to issue a statement in which full support is expressed for his leadership (a discussion in which the name Van Mierlo is cautiously avoided), DE TIJD and an earlier departed executive member from the eastern part of the country peruse the situation. "Indeed, no; Engwirda is not a /votegetter/. That will come to nothing. I think we'll have to have Hans back,

as interim head, so that a path will be cleared for a younger leader in the long term. Of course Hans should not go in the wrong direction again and flirt too much with the PvdA; he will have to make a statement to that effect. But for the rest . . . .well, at the moment we simply have no one else."

Other committee members in the corridors agree with him. Many of them hope that Van Mierlo is so fed up with the PvdA because of the cruise missiles that that will lure him into a campaign to salvage D'66.

The declaration of support and allegiance to Maarten Engwirda which was composed in the privacy of the non-public meeting originates from the need to have a parliamentary group chairman who at least gives /the appearance/ of really being the boss. In order to achieve that, things must now quiet down over the leadership of D'66.

Inquiry

Therefore it is so curious that Engwirda had contacts with marketing experts with respect to an inquiry into the appeal of Hans van Mierlo. That inquiry was to be held within a few weeks, if necessary with the aid of the media, which have more funds available for that.

[Question] Such an inquiry would doubtlessly show that Van Mierlo is a better votegetter than you yourself, wouldn't it?

[Engwirda] "I don't exclude that possibility at all. But at least we'll know it for sure then. For me--/but also for Hans/--it is important to know what the situation is."

[Question] But once such an inquiry has been published, your position will be undermined altogether, and apparently you want that to happen within a few weeks.

[Engwirda] "Let's first await the results. Then we'll see. If the ideas of D'66 still prove to have a sufficient following but electorally are expected to fare better with Hans, then that is an important fact both for me and for him.

[Question] "You want such an inquiry in order to have an excuse to turn things over to Van Mierlo."

[Engwirda] I didn't say that. But everyone in the party has the tendency to play Morris the Dog. We must be sure that the people, the voters, really think that Hans is better than I. Yes, if that should turn out to be the case . . . Therefore I would really appreciate such an inquiry, an inquiry in which it becomes clear how much difference it makes whether I am the leader of D'66 or Hans van Mierlo is. That /members/ of D'66 think I should go is one thing, but if /voters/ give their opinion . . ."

The little crown princes have fallen in battle. The current parliamentary group chairman wants to know how much more popular Van Mierlo is, and the executive officers devise procedures which will make it easier for Van Mierlo to take over. And Van Mierlo? According to Engwirda the cruise missiles could play a big role in Van Mierlo's weighing whether to team up with D'66. In the past the difference between Van Mierlo and the PvdA was extremely subtle. Since Van Mierlo's term as minister it has become clearer to him than before that the difference in mentality between his party and the PvdA is considerable. The stubbornness with which the PvdA is holding on to the cruise missile standpoint has opened his eyes according to insiders. Especially the fact that top people within the PvdA admit in private that the nationalist vision of the PvdA is not very realistic in the area of defense, while publicly these same people present the same stubbornness, has purportedly convinced Van Mierlo that an alternative is needed to the PvdA. And he is also becoming more and more convinced that a little miracle has to happen if enough of those numerous Netherlanders who now choose D'66 as their second party were actually to /vote/ for the party. According to many top people of D'66 that little miracle is called Van Mierlo. The current parliamentary group chairman himself even wants an opinion poll to show the usefulness of that idea.

And Van Mierlo himself? He is silent, more or less. Wouldn't he make things a lot easier for Engwirda if he simply excluded the possibility of his*2 being in the market? Doesn't not-excluding actually include including? "Let me repeat it once more: I don't exclude my becoming the primary candidate. It is very simple. I don't plan to become primary candidate; I'm not planning that now and I never have planned it. But I never exclude it. It is always nonsense to exclude something like that."

8700
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CENTRIST COALITION SEEN PUSHING COUNTRY TO LEFT

Lisbon O DIARIO in Portuguese 4 Sep 84 p 2

[Article by Jose Miguel Judice: "Central Bloc and Eanism"]

[Text] When the Central Bloc was formed, I was one of those who warned in due time that from it would result, almost inevitably, an impulse favorable to Eanism. The reasons are obvious. When the two main Portuguese parties joined in a coalition, the conditions for alternation disappeared and political bipolarization also disappeared. However, there is always an alternative in politics and bipolarization is an inalienable truth. That is the reason that Eanism has advanced. The PCP [Portuguese Communist Party] has not been taken as the alternative, not even by those who vote for it; the CDS [Social Democratic Denter Party] did not manage to go past a certain political-cultural planning and skidded, and Eanism is profiting from the image of a counter-power Eanes has been building up throughout his two terms.

When evidence is plain to the eyes it is a sign of brazenness (seeking to make the others appear as fools) to try to hide that evidence and try to make it say the opposite. To say that Eanism would always remain even if the Central Bloc were not formed, is possible; to say that the creation of the Central Bloc prevented the danger of the expansion of Eanism cannot be accepted.

If this is so, no one can fail to consider that these are the excuses of a deadbeat behind these wonderful constructions. Those who entered the Central Bloc only to meet with failures, now seek to resist in the Central Bloc because personal survival depends on it. To maintain a situation which is about to disappear requires a new arsenal of justifications. That is why it is said on one hand that the Central Bloc prevented the spread of Eanism, and on the other, it is said that the Central Bloc has to remain to prevent Eanism from installing itself in a political vacuum.

The vice of reasoning is obvious. If the Central Bloc had been an obstacle to Eanism yesterday, it would be unnecessary today to prevent it because it would have destroyed the reasons which had favored it. Now, when it is said that it was an obstacle yesterday and continues to be one today (and why not tomorrow!) it is an attempt to justify the survival of a formula

only as a process for preventing the arrival of another political formula... and in that manner greatly increases the psychosociological strength of the new political formula. Where will all the dissatisfactions be channeled? Thus, every passing day causes Eanism as an alternative and a new bipolarization between Eanism and the Central Bloc, to develop.

The serious aspect of this is not in the formal aspects, however. It resides in the fact that the Central Bloc, while seeming to take the country to the right, took it, on the contrary, more toward the left: Yesterday the polarization was between the PSD and the PS [Social Democratic Party and Socialist Party]. Today the PS is already in the half of the right of the country, without ceasing to be a socialist, collectivizing, conservative, ideologically weakened party, which has latched on to the gains of the revolution and is incapable of solving the impasses of the politico-economic system. That is why the merely arithmetic reasoning based on the confirmation that the entry of a fifth party will tend to make the PSD the first Portuguese party, is very deceptive. It will be, but with the price of increasing the influence of the socialist area from nearly 55 percent to more than 60 percent, since popular support for the PSD has not increased with the appearance of the Eanist Party, this meaning that there will merely be one more product in the socialist area, which thus increases its share of the market, to use a nonpolitical language that will perhaps help to get a better idea of how things are.

Moreover, that is why it must be repeated, along the line on which I wrote a week ago, that it is necessary that we not fall into the error of fighting against an Eanist Party as if it were still a simple myth focused on the president of the republic. To fight against the Eanist Party in the old way would be to play the game of the PS, which in the medium term will be making a coalition with this new party. It would be, after all, giving the PS time to prepare itself for that coalition. To fight in that manner would also mean increasing the possibilities that the Eanist Party would develop because of a backlash such hostility would cause. The Eanist Party has to be treated like any other party, the object, for that reason, of an analytical approach and normal political combat.

The Eanist Party does not yet exist but it is already eroded by very visible contradictions. The contradictions are those inherent in a party of the socialist left and repeat all those subjects into which the left is usually divided. Polls reveal now that the party of the general is already solidly anchored in the left, as was to be expected. The PS will have to resolve that question relative to its political space. It would be the height of absurdity for the PSD to serve as cannon fodder in a fight for the hegemony of the left in Portugal between the PS and Eanism, with which the PSD has nothing to do despite what Dr Balsemao--between a Safari in Kenya and a holiday on an American luxury island--insists on saying about his being on the center-left.

8908
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MOTA PINTO: NEW PARTY PERPETUATES CR'S INFLUENCE

New Party Described

Lisbon DIARIO DE NOTICIAS in Portuguese 3 Sep 84 p 3

[Excerpt] The attempts at creating a new party, according to Mota Pinto, are aimed at perpetuating the political influence of that which characterized the majority of the Council of the Revolution. The deputy prime minister made this political interpretation yesterday in Vila Nova de Cerveira during a welcoming session which took place in the local Chamber.

Mota Pinta placed that party "between the PS and the PC [Socialist Party and Communist Party, respectively] although a great effort is being made to present it as a more moderate party," after saying that from the PSD point of view "we can only have an attitude of shrugging the shoulders and laughing, but at the same time one of vigilance when others appear to say that a new social-democratic party is needed."

Before saying that the PCP [Portuguese Communist Party] is the first party to say that a new party must appear, Mota Pinto described the PSD [Social Democratic Party as "a deeply rooted party, as was demonstrated in the last elections, and it has the possibilities and capabilities of growing."

The social-democratic leader is sure that the members and sympathizers of the PSD "know the situation perfectly and will be able to resist the chants of those who want to deceive them and attract them, seeking to make them join an undefined movement which in practice serves the interests of the PC, regardless of the intentions of some persons."

Without ever referring to Ramalho Eanes or to "Eanismo," Mota Pinto declared that if the new party were to arise "it will not cause us any problem."

However, during a lunch of Social-Democratic activists, which took place in Valenca do Minho, Mota Pinto appealed for unity of the PSD and condemned actions which lead to the fragmentation of the party. Before nearly 300 Social-Democrats of Alto Minho, Mota Pinto issued the warning that "We must not allow organized or institutionalized factions to be installed among us," and that the PSD has to remain a unitary party.

"Private Banking Prevents a Communist Economy"

Also in Valenca do Minho, Mota Pinto in statements made to the NP Agency, said that private banking and enterprise removes from Portugal "the danger of becoming a country with a communist economy." The PSD leader explained that "if all the banking system belonged to the state, it would not even be necessary to pass any other law. It would be enough for someone to give an order at a certain time that all companies which owe money be served with a demand for payment and that everything go to the state sector, the public sector."

UGT Against Private Banking

Lisbon DIARIO DE NOTICIAS in Portuguese 26 Aug 84 p 4

[Excerpt] Participation by private capital in future increases of capital in totally public banks and insurance companies was considered unconstitutional and politically unacceptable" by the UGT [General Workers Union].

In a document on the financial reorganization, the union central organization however criticizes the government for having opened the banking and insurance sectors to private enterprise without first having taken measures which would insure that the state sector is competitive with respect to the new companies. The UGT document analyzes the Plan for Financial and Economic Recovery, which is under discussion in the Permanent Council for Social Harmonization.

The Union central organization, although hailing the objectives of the government, believes it is strange that there are important lacks, specifically a lack of definition with respect to the best path to follow for the reorganization of the banking sector, nonmeasurement of the results to be obtained and of the costs of shares to be issued, no establishment of timetables, the lack of temporary goals except for the overall goals (3 years).

The UGT declares itself to be unwilling to accept any consensus on the question of banking unless there is included in it, or it is accompanied by, a statute guaranteeing all jobs for the workers of the nationalized banks.

However, the union central organization, criticizing the ambiguity of the government text in that which refers to possible mergers of the nationalized banks and possible specializations, proposes the creation of a reorganization committee for the sector that would include personnel belonging to the bank sector unions.

'Eanists' Reply Statement

Lisbon DIARIO DE NOTICIAS in Portuguese 5 Sep 84 p 3

[Text] One of the main promoters of the movement for the creation of the so-called "Eanist Party" mentioned by ANOP, declared that the statements made by Mota Pinto in Vila Nova de Cerveira last Sunday "are just another attempt to deceive public opinion."

The Mota Pinto statements, according to that unidentified ANOP source, "Are within the framework of those which have been made to deceive public opinion, among which are the accusations of ties with the PCP and ideological similarity with Melo Antunes."

It is recalled that Mota Pinto had accused that movement of "seeking to perpetrate the influence of the majority of the Council of the Revolution."

8908
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POSSIBLE CREATION OF NEW DEMOCRATIC ALLIANCE VIEWED

Lisbon EXPRESSO in Portuguese 25 Aug 84 pp 14-15R

[Article by Pedro d'Anunciacao: "Belem Increasingly Distant for Soares"]

[Text] If the "antipathy" which erupted last week in the CDS [Social Democratic Center Party] between the president of the Direction Commission and the secretary general, Azevedo Soares and Vieira de Carvalho, respectively, was in fact no more than another clash between two individuals who have long been in conflict, it nonetheless gave rise to an important question: the possibility of the resurgence of a new AD [Democratic Alliance] in the short run, with the joint support of centrists and social democrats for a presidential candidate next year.

In fact, Vieira de Carvalho admits that his party and the PSD [Social Democratic Party] might have a joint candidate. Azevedo Soares bristled, stating that the secretary general's statement goes against the position of the CDS, one which very explicitly defends a candidacy to oppose the central bloc. Shortly afterward, before he departed for the United States where he was to attend the Republican Party convention, Lucas Pires said: "The position which stands is that articulated by Azevedo Soares." And he added: "Moreover, Vieira de Carvalho himself has already explained his position, which in the end turned out to coincide with everything the CDS has said on the matter."

Avoiding Conflict

The centrist leader, who has always avoided involvement in this "war" between the two party colleagues, was very simply explaining...that both are entirely correct. And in fact we see that when Vieira de Carvalho suggests the possibility of a joint PSD-CDS candidate, he is obviously hoping for a split in the central bloc whereby a candidate could emerge as an alternative to that bloc. And, when Azevedo Soares in turn maintains that the position of the CDS calls for a candidate who will provide an alternative to the central bloc, it must not be forgotten that such a candidate would only have a possibility of winning with the support of the PSD. But it is most improbable that a military candidate would agree to run in the Belem race with the centrists as his sole support.

Now the question which arises is different: do conditions for a resurgence of the AD in the near future exist or do they not?

Yes or No?

Whether or not the president of the Direction Commission likes it or not, it is the desire of the centrists to reestablish the political space of the AD. They do not seek to conceal it: rather, it is clearly assumed. Moreover, the candidacy of a military officer, and specifically that of Firmino Miguel (who is the personal friend of Lucas Pires to boot), sponsored jointly with the social democrats, is a scenario which the new CDS leadership regards with the greatest enthusiasm. Since Freitas do Amaral withdrew, there is every indication that the party congress which will be held before the end of the year will approve precisely that solution. It will only choose a civilian candidate affiliated with it (and here the name of Sa Machado is mentioned) if it is established that the other hypothesis is not viable, or if the PS [Socialist Party] and the PSD both decide to nominate their own candidates.

No PSD Support for Soares

The social democrats, in turn, it can now be stated with almost total certainty, would not support the candidacy of Mario Soares for the Belem post. An individual very close to Mota Pinto explained to us that the only possibility of this happening would involve the negotiation of a division of authority and posts between the two coalition parties in power, such as to give leadership of the government to the PSD. It is recognized at the outset, however, that this is a scenario to which the two party structures could only be persuaded to agree with considerable difficulty. The socialists would not want it because, given the current constitutional framework, the prime minister's functions are politically much more decisive than those of the president of the republic. The intermediary social democratic cadres, in turn, are not showing any pure and simple readiness to support Soares, above all at a time when his popularity is suffering increasingly.

The secretary general of the PS seems to have his only ally, and not even a direct, but rather a tacit one, in his coalition partner: the Marcelo Rebelo de Sousa group. In fact, although this faction opposes the central bloc government and shows more receptivity toward a renewed AD with its advocacy of a civilian candidate from within the party itself, and further and more important with the mention of an individual it knows to be regarded as peripheral in national political circles generally (Alberto Joao Jardim), it has in the final analysis rendered the projects of Mario Soares a tremendous service.

Mota Amaral Hindered

The supporters of Mota Amaral, meanwhile, find themselves in a delicate position. First because their candidate has already suffered an overwhelming defeat at the Braga Congress. And also because this same candidate, who ran in the elections in the Azores in October, will not be in a position to run for the Belem post.

Since Mota Pinto has no intention of confronting the cadres of his party with possible support for Soares, it can be presumed that he has a broad field for maneuvering available to him in this connection. A source close to him

assured us that he will not agree either to the nomination of a weak candidate by the PSD who, after being defeated on the first round, would then channel his votes toward the socialist secretary general. That being the case, if Mario Soares does not personally withdraw from the Belem race, showing willingness to negotiate a joint candidacy with the social democrats, equidistant from both, Mota Pinto would even favor a military candidate (and it is said he already has the name of Firmino Miguel up his sleeve). The only difficulty is that internal opponents, both the supporters of Mota Amaral and those of Marcelo Rebelo de Sousa, want a civilian. But the deputy prime minister will have an excellent argument working for him: he is the military candidate who would have the best chance of victory (with a great likelihood of leaving Soares squeezed between himself and the Eanist candidate on the very first round), because of having the support of the centrists as a practical certainty.

Almost Certain PSD-CDS Alliance

And again, we come to the possibility of reestablishment of the AD. Knowing how Mario Soares will resist abandonment of his candidacy, we can already regard it as rather probable. Only the two parties preparing for a presidential alliance no longer appear so consistent when it comes to the subsequent future. At its last national council meeting, the CDS decided not to join in any government coalition if it cannot appoint the prime minister. The centrist leaders would prefer a sojourn in the desert which would allow them to grow (and on this point, the position of Vieira de Carvalho will differ from that of Azevedo Soares and the majority in the leadership) to rapid access to power which would keep their party eternally small.

Mota Pinto's "entourage," in turn, regards the AD as a failed project which is not worth reorganizing under the terms on which it operated. And it would only agree to this if it were expanded to other sectors, specifically the PS (which would be very problematical).

New Eanist Upsurge

And yet if the presidential candidate in this political sector were to win the election, he would have to convoke early legislative elections. Among other things because his own existence would involve a split in the central bloc.

Obviously this split would certainly give the Eanist movement new impetus. If, that is, it were to happen before August of 1985 (according to the constitution, the president of the republic cannot dissolve the assembly during the last 6 months of his term of office), and it would have to be prior to then, since the PSD congress set next January as the deadline for the choice of the party's presidential candidate. Eanes might take the step of dissolving the parliament and resigning his post (which ideas he has already admitted to some advisers he is contemplating) to head the new party in early legislative elections. Only the fear that such a step would be successful, joining together in a renewed polarization the PS, PSD and CDS in Sao Bento,

would lead Mario Soares to ponder about the sacrifice of his candidacy for the Belem post in 1985. A sacrifice which will be the greater since it is known that in 1990, the socialist secretary general will run the risk of having to compete with General Ramalho Eanes for the post once again.

5157
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IMPORTANCE OF AFRICA TO PORTUGAL'S IMAGE VIEWED

Lisbon EXPRESSO in Portuguese 1 Sep 84 p 6

[Article by Andre Goncalves Pereira: "Africa and Foreign Policy"]

[Excerpts] 1. Years after the colonial era ended, Africa continues to be an important vector in Portuguese foreign policy, but with one significant difference: the old regime deliberately sacrificed the Portuguese position in the eyes of its natural allies in the West in order to keep Portuguese sovereignty in Africa intact. Today, decolonization is an irreversible fact and the maintenance of ties of various sorts with the Portuguese-speaking African countries serves the purpose, among others, of improving Portugal's position in the world and, above all, in the West.

It is perhaps the main element in this improvement, since as we have little weight in the major issues affecting the world, because of our economic weakness, we must strengthen our strategic positions in the realm of defense, and on a broader scale, our cultural unity with these countries and with Brazil. Unless we want to be the Albania of Western Europe, we must find a coefficient to multiply the weight of the positions we adopt and to increase respect for Portugal and the Portuguese emigrant in the West. This coefficient can be found in Africa.

2. Since 1980 in particular--the historic approach by Sa Carneiro to Samora Machel must be remembered--the successive Portuguese governments have made an effort to strengthen relations with the five countries. A Portuguese foreign policy with real autonomy and the capacity to make its own choices, unconditioned by the weight of the "great powers," has only been seen in the realm of cultural policy and the African policy, which intersect on this point, since our special position in this process is the result first and foremost of a common language and culture. The other aspects favoring closeness--Portuguese understanding of the problems of these countries, familiarity on the part of the present African leaders with matters Portuguese--may disappear as this generation fades. But not the common language.

Positive Elements and Points of Conflict

At the outset, Portugal has some positive assets. Cooperation is of interest to these countries, particularly where the dispatch of teachers is concerned. The language is the element contributing to unity among these very countries, as was the case with Brazil. From the economic point of view, the limitations

on our financing capacity are an obstacle to greater expansion, but here our role as a part of the Western world, the only source from which the investments needed for economic recovery can come, is an extremely important and positive element in the long run.

Their relationship with Portugal also gives these countries an international voice they lack. News reported in Lisbon is more rapidly and easily publicized than that originating in Maputo or Luanda.

4. It cannot be denied, however, that there are difficulties in this relationship. We are speaking only of those which result from our lack of economic and financial strength. We are the only former mother country which is poor and technologically lagging. It must be remembered, however, that the technology we do have is in many cases adequate for the problems these states are facing, and that in one essential sector--project engineering--we have entirely qualified and competent enterprises.

Other difficulties develop on the political level. The ideological and international options of some of these nations differ very greatly from those of Portugal, and this leads powerful forces to seek to block their relations with Portugal. Plainly speaking, we refer to the Soviet Union and to the forces it controls. They want to identify Portugal as an agent of U.S. penetration. But this argument is a two-edged sword, because Portugal's position as a part of the Western world and the Western economic system is basically viewed favorably, as we have already said, at least by those of the leaders in those countries who are gradually turning toward the West and are being forced into local collaboration with South Africa. The best example, naturally, is Mozambique, but the same development can be seen in Guinea-Bissau, and Cape Verde is maintaining its genuinely nonaligned position.

In connection with other nations, Angola above all, there will certainly be difficult periods in the relations with Portugal. With respect for the sovereignty of these states, and avoiding taking any stand in domestic quarrels, it is necessary to attempt to deideologize our relations while meanwhile accepting some unpleasant truths.

Allies But Not Slaves

Another point of conflict also is the natural and understandable annoyance of these countries because they feel that Portugal goes about the world claiming for itself a right to represent these states which they did not confer upon it. Rarely in exchanges of impressions between the officials in charge of our foreign policy and their foreign counterparts do the African affairs in question fail to arise. Very often this wounds the sensibilities of the new nations. They are indeed right, but I can assert that almost always, other countries want to know the views of Portugal about southern Africa. This is a fact. And again, it must be remembered that there have been innumerable instances in which the African nations themselves have asked Portugal to convey their viewpoints, such that there are also advantages for them in these exchanges of impressions.

It is true that Portugal is an ally of the United States, but it is not its vassal. We do not adopt this or that viewpoint for purposes of ideological alignment. We are aligned in terms of East-West relations, but we do not view the world in terms of those relations as the superpowers do. And, in relation to southern Africa, the position of the United States has changed more since 1981 than has ours.

Bureaucracy--An Obstacle

6. This trip by the prime minister falls within a context of continuity. Only thus is it possible to minimize the effects of our governmental instability and the constant turnover in leaders, which are obstacles to relations with countries with enduring governmental frameworks.

This visit also comes at a time when the African nations themselves are finally realizing that the government and not the president of the republic in Portugal is in charge of foreign policy and in control of the financial resources, although they do not forget that the intervention of the president has in the past been important and has prevented disruptions.

Can we then hope that the future relations will not be hindered by a lack of continuity and by the terrible bureacracy which blocks everything? We hope so. God is great and man is small.

5157
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ARIKAN, OZAL REMAIN FOCUS OF CUSTOMS MINISTRY CONTROVERSY

Istanbul CUMHURIYET in Turkish 5 Sep 84 pp 1, 8

[Report on Finance and Customs Minister Vural Arikan's press conference at the Journalists Society in Istanbul, 4 Sep 84]

[Text] NEWS CENTER - Finance and Customs Minister Vural Arikan said "nothing" at the press conference which he called saying he had "something" to announce.

The "subject" has been "frozen" for the present following Prime Minister Turgut Ozal's telephone calls from Zurich to Minister Vural Arikan and Deputy General Chairman Mehmet Kececiler.

Arikan called the press conference to make important announcements about customs irregularities and the investigation of them, but the surprise was that he did not make the expected announcements and repeated familiar material instead. The unexpected development came after the press conference and involved whether Deputy Edirne Governor Umit Karahan, who is responsible for Kapikule customs, had been dismissed. Despite Minister Arikan's announcement at the press conference that Karahan had been removed from office, Edirne Deputy Governor Umit Karahan told a CUMHURIYET reporter in a telephone interview: "I still have my job. But I was put on annual leave yesterday (day before yesterday). I can show you my leave papers. It is necessary that the governor of Edirne, not the minister of finance and customs, dismiss me."

After Prime Minister Ozal, Minister of State and Deputy Minister of the Interior Kazim Oksay also telephoned Vural Arikan night before last and told him the Edirne deputy governor had been dismissed, it was learned.

However, no letter has been received at the Edirne governor's office related to the dismissal of Deputy Governor Umit Karahan. Edirne Governor Enver Hizlan has refused to comment.

Meanwhile, it was learned that Umit Karahan's use of 30 days' annual leave was approved by the Edirne governor's office on form 27/900, dated 3 September 1984, that the form was sent to the Ministry of the Interior and department 27 of the Edirne governor's office, and that it had been decided that H. Yilmaz Ozen would be "acting" in Karahan's post while he is on leave.

Minister of State and Deputy Minister of Interior Kazim Oksay was asked by a CUMHURIYET reporter as he was leaving the TGNA [Turkish Grand National Assembly]: "Was the Edirne deputy governor dismissed?" He replied, "Suffice it to say he is not at work at the moment."

So, Karahan, who Arikan was told by Deputy Minister of Interior Oksay had been dismissed, went on annual leave that day.

Vural Arikan told a CUMHURIYET reporter who asked his views upon the discovery that Edirne Deputy Governor Karahan had not been dismissed but placed on annual leave: "He is not on the job, at least." Ismail Turek, deputy under secretary of the Interior Ministry, was also asked about the deputy governor's dismissal and said, "The minister is right." Asked, "Which minister is right?" he said, "Our minister."

The finance and customs minister said at the press conference, held at the Journalists Society in Istanbul, that he had talked by telephone with Prime Minister Turgut Ozal, who is out of the country, and Ozal had said that if there were any problems, they would be resolved upon his return.

After Prime Minister Ozal heard about the "sudden" press conference that the minister of finance and customs announced he would hold, he called Arikan from Zurich night before last and persuaded him that the "subject" was a government problem and reached agreement with him on the "announcements" he would made at the press conference, it was learned. Arikan reportedly stood firm on his view in the telephone conversation at first, even speaking of resigning, but later relented and promised Ozal to act in line with the "instructions" he received.

In addition to his call to Arikan from Zurich, Ozal also telephoned Deputy ANAP [Motherland Party] General Chairman Mehmet Kececiler and told him: "Don't convene the group. Don't do anything on the customs matter, and when I get back we will sit down together and unravel it. Pass these instructions on to the other party officers." Upon this directive from Ozal, who also asked that Arikan not be left "by himself" at the press conference, ANAP Deputy Chairman Halil Sivgin, ANAP Deputy General Secretary Gurbuz Yilmaz and Ercument Konukman, deputy chairman of the ANAP TGNA group, came from Ankara to attend the press conference. To keep from feeling "alone," Arikan brought ANAP national deputies Nevzat Biyikli, Goksel Kalaycioglu, Ilyas Aktas and Barlas Dogu to the press conference also.

At the press conference, which he held under the "supervision" of Sivgin, Yilmaz and Konukman and with the "support" of Biyikli, Kalaycioglu, Aktas and Dogu, Arikan said he did not know the "intent" or "significance" of the Sri Lanka trip on which Interior Minister Ari Tanriyar had suddenly left at the time their attention had been focused on the Kapikule investigation and that he had not talked with the minister.

Arikan announced that the sensitivity he had shown towards the state employees who had been mistreated during detention was the same that would be accorded all citizens within the framework of respect for individual rights and freedoms as guaranteed by article 38 of the Constitution and said, "There will be none of those complaints in Turkey in 1984." Asked whether this was his personal view or the government's view, Arikan smiled and said, "You may take it as the government view."

Minister of Finance and Customs Vural Arikan, who a day ago said, "I have something to announce and will hold a press conference. It will all be today at 1100 hours," did in fact appear at the press conference in the auditorium of the Journalists Society at exactly 1100 hours. Coming up the stairs and taking his seat amidst the popping of photographers' flashes, Minister Arikan had the ANAP officers take seats beside him and began by saying, "The public has been occupied by the customs incidents for a long time." He then said customs involves "three types of functions" and explained each.

The third type he described as "smuggling activities, underground activities, the smuggling of gold, guns and people," and said, "We are working on this now."

"Our guards searched a bus belonging to the Volkan Company at Kapikule on 12-13 July and found Turkish liras, foreign currency and a quantity of tablets. A citation was written and the vehicle was impounded. Later, when the record was being entered on 1 August, it was said that another search should be conducted as there was supposed to be more currency. The search was conducted by customs officers and the civil administration supervisor. No additional money was found. An investigation 3-4 days later revealed that they had divided this money among themselves.

"I found the second record during my talks at Kapikule. The second record had not been sent to the investigators. I sent it to the First Army and Martial Law Command.

"There are three offices at Kapikule. One is the civil administration supervisor, who is the deputy governor; the second is the chief clerk of customs; and the third is the customs police chief. I [told] the Edirne governor and the minister of the interior that there was conflict between them, that I thought it problematic for the service and asked that the civil administration supervisor be relieved of duty. I said that I would relieve the chief clerk of customs and the customs police chief. Dismissal of the civil administration supervisor become possible only yesterday.

"Customs employs carriers and porters. Their appointment is the responsibility of the civil administration supervisor."

Arikan also mentioned the incident in which the Yesilkoy customs director Yalcin Karadeniz had been summoned by the financial police and was kept waiting 7.5 hours before his statement was taken. He said that what he objected to in this incident was not that Karadeniz had been asked to provide a statement, but that he had been kept waiting for 7.5 hours before being told why he was there. Arikan explained the incident this way:

"An arrest took place in 1981 in the travelers' waiting room. The incident was referred to the courts. The financial police reopened the investigation in 1982, but closed it since the incident was in the justice department. Now, today, it is being reopened and the director employed by the state is made to wait 7.5 hours."

In connection with the incident involving 85 kilograms of gold, Arikan said, "In September 1983, 85 kilos of gold were impounded at Kapikule. The Customs and Monopoly Ministry inspectors conducted the seizure and investigation. The case was heard and concluded in the Martial Law Court. Today the same file is being reopened.

"We are not opposed to this. There is corruption going on and we are trying to prevent it. The guilty must be punished. No one must be protected. We will proceed. But, one cannot disregard the order of the law. One must respect the Constitution. Article 38 of the Constitution says force must not be used."

The second part of the press conference was devoted to answering reporters' questions and Vural Arikan revealed that he had spoken by telephone with Prime Minister Turgut Ozal the previous night. He also said he would show for all citizens the same sensitivity he was showing the government employees who had been mistreated under questioning and that this was the view of the government. In answer to a question about sovereign powers, he said, "The governor says, 'I am not communicating.' He, too, is a sovereign power." Arikan also described the porters at the customs sheds as sovereign powers.

ANAP National Deputy Nevzat Biyikli, who attended the minister's press conference in Istanbul and supported him against the minister of the interior on the mistreatment of civil servants during investigation, was also questioned by reporters as he was leaving the press conference. He was asked, "Speaking of the mistreatment of customs officers, will you bring up the charges that citizens have been tortured before the Assembly?" Biyikli replied, "Yes, we will bring torture before the Assembly."

Deputy Under Secretary

It was learned that Finance and Customs Ministry Deputy Under Secretary Dogan Akin, who was taken into custody recently in connection with the Kapikule investigation, has had a heart attack. Akin was brought from Ankara to Edirne for the investigation and it was pointed out that he suffered from heart disease.

The files which had been reviewed by the Istanbul Martial Law Command's Office of Legal Counsel on 21 [as published] persons including Customs Police Director Haluk Aydin and 11 customs officers and Naser Dedeoglu, an owner of Volkan Tourism, and 9 other businessmen were sent to the Ankara Martial Law Command Fourth Military Court.

Bank Accounts

Examination of the bank accounts of certain customs officers in connection with the Kapikule investigation has not yet taken place. Bank officials asked police for a court ruling on reporting the status of deposit holders' accounts, it was learned. A separate ruling is necessary for each account.

Justice Minister Angered

Minister of Justice Necat Eldem was sitting with party national deputies in the ANAP cloakroom at the Assembly and became very angry when reporters asked whether anything had been forwarded to his ministry in connection with the violation of human rights in the Kapikule investigation. "It has nothing to do with me," he said. He was angered even further at another question on the same subject and said, "If I say it has nothing to do with me, buddy, it is because of one thing. It has nothing to do with me."

Turkan Arikan

Turkan Arikan, ANAP national deputy for Edirne, has called for intensive investigation to discover the facts in the charges lodged by her brother, Finance and Customs Minister Vural Arikan, in the customs scandal.

Turkan Arikan said in a statement to the ANKARA AGENCY that she was backing Minister Arikan as a national deputy, not as a sister.

Batumlu: Obstruction

Populist Party deputy Sabil Batumlu, in a speech to the general session of the TGNA yesterday, also suggested that Arikan's press conference had been hampered by certain ANAP deputies.

Halil Sivgin and Ercument Konukman, who took the 7:30 flight to Istanbul and returned to Ankara on a 12:45 flight after the press conference, refused to answer reporters' questions about the press conference in the TGNA cloakrooms. One reporter said, "You must have gone to Istanbul to be on TV," and Sivgin replied, "Yes, I have not been on TV for a long time." Sivgin and Konukman let it suffice as a "statement" to say, "We brought the distinguished minister's compliments." Upon insistent questioning, Sivgin responded, "We would attend conferences of the other ministers also if necessary."

8349
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LEOPARD 2 CAPABILITIES, HANDLING, PERFORMANCE REVIEWED

Integration Into Unit Observed

Bonn WEHRTECHNIK in German Aug 84 pp 28-44

[Article by Wolfgang Flume: "Proud of the LEOPARD 2"]

> [Text] The first LEOPARD 2 main battle tank from the series production was delivered to the Germany army on 25 October 1979. Undoubtedly the LEOPARD 2 is a great technical feat, but there is frequently a question in connection with a new development whether it also stands the test in hard everyday action with the forces. Now, barely 5 years later, WEHRTECHNIK looked into this matter by a visit with Armored Battalion 83 in Lueneburg and by an interview with the commander of the Third Armored Division in Buxtehude, Maj Gen Wolfgang Tebbe, an academically trained engineer. By the way, the consensus is: the forces are completely satisfied with the LEOPARD 2.

Probably everybody who visits Lueneburg for the first time is enthusiastic over the largely preserved historical face of the city. In this city it would be possible to feel happy--and that is also the opinion of all soldiers of Armored Battalion 83, which has been stationed in Lueneburg for over 25 years. Lt Col Karlheinz Plickat, battalion commander since June 1983, almost goes into raptures, that is how much he likes the city, the surrounding area, and the people. There are no problems either with the town administration or the population; the battalion can march through the city with 300 soldiers after a 4-day, 100-km march with music and singing and receives a friendly welcome from the people. Some professional protesters do not attract attention or are drowned out as it happened, e.g., during the public oathtaking ceremony in the sports stadium when the several thousand spectators drowned out the whistles of a few, which occurred during the playing of the national anthem, by spontaneous loud singing of the anthem's third stanza.

Lueneburg, an old garrison town, accommodates aside from Armored Battalion 83 the Armored Brigade 8 staff, the Army Military Band 3, Armored Reconnaissance Battalion 3, Field Artillery Battalion 31, Armored Battalions 81 and 84, Armored Infantry Battalion 82, and the Armored Field Artillery Battalion 85.

Lieutenant Colonel Plickat and his soldiers feel as happy in the barracks as they do in the city. Old buildings, it is true, some of them even from the 1870's, but solid structures and with much room and therefore also flexible enough to be able to accommodate further new army units. This does not appear to hold true for new structures which were planned to be--space-conserving--for example for Army Structure 3, since there important items of equipment for the tanks frequently must be placed in the basement of the quarters buildings--"in case of an alert it then takes over 60 minutes longer to move out than for us where everything is stored near the tanks"--according to Lieutenant Colonel Plickat. The tanks, too, are housed in old buildings, former vehicle garages of the horse-drawn artillery--but each LEOPARD 2 has its own, though open, box with adequate space (the decrepit wooden doors were not replaced). Drafty shed roofs as in the case of other armored battalions housed in "modern" buildings are unknown in the Schlieffen Barracks, Lueneburg.

The officers, too, can feel happy in the casino, a prewar building equipped with objects pregnant with history from the possessions of Cavalry Regiment 13 whose architectural style fits very well into the landscape, something that is frequently missing in new buildings. The draftees don't have it much worse--for the most part they come from the surrounding area and in the evening, after their duty hours, they are home in minutes. Only those from more distant areas remain in the barracks but they are regularly at home over the weekend--for possible weekend duty the draftees from Lueneburg and surrounding area pinch hit, in a system arranged by the soldiers themselves. The battalion is also proud of a special "service" of which draftees from agriculture like to take advantage. In over a dozen boxes next to the barracks indoor riding arena they can keep their horses at a very favorable price. The soldier himself is responsible for the horse grooming--to do this in the morning and at night before and after, respectively, of the hard duty is not easy for everyone. Riding instruction is being sponsored by the battalion since it is alleged to be good training for self-discipline and character building.

Despite the high service strain--60 hours a week on the average--the motivation of the soldiers is good, yes perhaps even very good. The environment "is right," the atmosphere in the battalion "is right"--and moreover the soldiers are evidently proud of operating the best main battle tank in the world now available and of being able to fire its guns. The pride in the equipment is--for the most part not enough attention is paid to that--a significant factor for a soldier's willingness to achieve, be he an officer or a draftee. The joy and pride of having the best equipment sometimes also expresses itself in a manner surprising even to the battalion commander: In the evenings his soldiers on their own initiative worked on the LEOPARD 2, so that their vehicles would pass Technical Material Testing C, a kind of technical control board, with nothing but good grades. Lieutenant Colonel Plickat acknowledges an excellent conception of duty to the draftees. The "loafing" frequently feared by the draftees cannot always be completely avoided--how it is avoided decisively depends on the imaginativeness of the instructors and superiors. Tours for new recruits to those battalion components which are just now training in Bergen on the training area, competitions on the forest practice area in Munster if the main battle tanks are for once not available on account of repair work--there are enough opportunities and: the draftee must be provided with a reason for his work in each case, he must be accepted in his task, then he shows that he is willing.

Imaginativeness of the battalion command also overcomes certain restrictions which could have affected the training operation, such as, e.g., the 900 track kilometer limit per year or the limited number of training ammunition. Lieutenant Colonel Plickat: "Thus far the kilometer limitation has not played any role in the training operation." Since the track kilometer performance per vehicle can be exceeded--only the battalion average must remain at 900 km--and the division can approve additional track kilometers for special projects by allocating funds, everything is only a question of planning and shifting of priorities."

Training

The entire peacetime operation of the Bundeswehr combat units basically is only training--this applies especially to the 15-month service of the draftees. At the beginning of each quarter the draftees join the battalion, where since the beginning of 1984 filling up of the entire unit starting with entry into service is practiced, i.e., an entire combat company that a few days earlier had released all of its draftees to civilian life is being filled up with young recruits. (In contrast, in the past every company of the battalion had filled up a quarter of its strength every three months.) The opinions on the new kind of unit (company)-wise filling up starting with entry into service are uniform in Armored Battalion 83--for Lieutenant Colonel Plickat it is the best way, since this way the internal structure of a company is better and "the cohesion in a company is a significant component of the combat effectiveness." As a result, the battalion has companies with different levels of training, but the LEOPARD 2 is laid out so favorably to training that a company can successfully participate as early as the second quarter (after filling up with recruits) in a field training exercise. It is also a consequence of filling up by units that companies are getting smaller all the time, e.g. by NCO candidates etc who attend courses for some time. The effects of this fact on strength and thus combat effectiveness of a company will not become evident until a few months hence. At any rate, company commanders (all captains) are increasingly trying to enlist suitable draftees at an early time, if possible during the first 6 weeks, for 4 years. Every applicant as short-service volunteer has a trial period of 6 months in case the military profession should no longer suit him or he cannot be employed as his instructors had hoped.

Reenlistment comes somewhat easier in light of the present economic situation and there are increasingly soldiers who reenlist for 4 years but do not want to be NCOs for the most varied reasons. The battalion command is not unhappy with that development, for in this manner the "PFC tank driver" is kept in service who knows his vehicle from A to Z, optimally moves it in the terrain, takes care of it and "loves it," and thus even helps the state save overhaul and repair costs.

The first three months of the basic military service are basic training; the combat company also trains the soldiers to be transferred to the headquarters and support companies after these 3 months. The recruits are trained for their future duties as early as in basic training. Today virtually only those recruits are taken as tank drivers who already possess the civilian class-III driver's license. After a 10-day course on a LEOPARD 1 driving simulator in Munster, the drivers receive the tank driver's license F; this is followed in the battalion

by a one-week training on the LEOPARD 2, which, by the way, is easier to drive than the LEOPARD 1. Gunners and loaders are trained together, so that later on they can also perform the job of the other in case of necessity. Gunner training for the LEOPARD 2 is greatly simplified since, because of the simple-to-operate laser rangefinder, working with the stereoscopic rangefinder requiring prolonged practice does not apply. Thus the time for the preparatory firing training could be reduced. For the turret crew, there are two turret trainers in Lueneburg, which, however, are used by two armored battalions.

The battalion is satisfied with the garrison training area which can be quickly reached by a tank road. There it is possible to train in the "narrower" company framework, i.e. the company commander can train his platoons. The garrison training area even has a "laser course"--there the gunners can practice with laser rangefinders, something that is otherwise prohibited at training areas on account of possible endangering of eyes. In winter when the ground is hard enough after one week of frost, training is being carried on with the entire battalion also in the area surrounding Lueneburg "in fields and meadows," always a big event for the unit. For these exercises the land is very suitable on account of its agricultural structure with few obstructing pasture fences.

For the crew, the LEOPARD 2 is a simple-to-operate vehicle, this applies in fact to all crew members who regard themselves as a team and who are trained by the platoon leader as a team. Thus there is a concentrated crew drill which includes the commander, so that the vehicle is really mastered in combat. The battle itself goes faster today, the LEOPARD 2 permits greater speed compared to other battle tanks, the time between target recognition and firing is shorter, thus the crew frequently has virtually no time to ponder. Here only drill helps which leads to sure mastery of the vehicle and of the necessary manipulations. For this purpose, the commander must have "comprehended" the vehicle as a system. Because of his longer training and period of service, he also possesses a deeper knowledge of the tank and its correct deployment on the battle field than the other three crew members. Thus every commander is at least an NCO, some of them are even staff sergeants or officers, since with 13 battle tanks per company four of them are employed as company commander or platoon leader tanks--and these are the vehicles decisive for the course of action of the companies in combat. The old army requirement that all tank commanders should be staff sergents is still awaiting fulfillment.

Compared with the LEOPARD 1, the demands on the loader and driver do not differ very much--the driver operating comfort is even better and the loader also has more room in the LEOPARD 2. However, the gunner has a basically changed operaing position because of the modern fire control system, which will be discussed in detail later on.

The electronics or electrical equipment in the LEOPARD 2 in many things--especially as regards speed of reaction--is a great help on which the soldier must depend, for he, himself, can no longer intervene in the equipment, as perhaps it used to be possible in the past. It is designed for perfect function, errors are indicated to the operator, but he cannot always correct them himself--but they occur only rarely. Despite or on account of all the electrical equipment in the turret and in the weapons system, there is a mechanized emergency

operation and the soldiers are so trained that they can employ the tank in emergency operation also on the firing range. To come back once again to the comparison with the LEOPARD 1: There what was important was long experience by frequently coping with the vehicle with the help of certain tricks. However, in the case of the LEOPARD 2, we can forget about "we can get it done somehow."

Satisfied With the Equipment

The 41 LEOPARD 2's (three companies with three platoons each with four main battle tanks each and a LEOPARD 2 for the company commander and two main battle tanks for the battalion command and the 13 plus 1 main battle tanks of the third company of Armored Battalion 81 belonging to the battalion were delivered between May and December 1981 by Krauss-Maffei and also by Krupp-MaK. What was burdensome at the time when the LEOPARD 2 were accepted was the fact that the battalion at the same time had to release its LEOPARD 1A1's in the material exchange from unit to unit as well as in the depot repair. For this purpose the vehicles were put in good condition already during the delivery phase of the LEOPARD 2's and were turned over in November, one month sooner than planned.

The battalion repair personnel had already been well trained prior to the LEOPARD 2 acceptance in Munster and at the school of the Technical Forces in Aachen, the infrastructure barely had to be changed to accommodate the somewhat larger main battle tanks. For each vehicle there was a half-year guarantee period from the delivery date, during which damages had to be reported--almost nothing but red tape since even the most minute defect had to be recorded in a statement in 13 copies. There was no special accumulation of defects either during these 6 months or until now. Also the customer service by the firms and the support by the repair office of the industry in Munster, respectively, for the LEOPARD 2, in the opinion of Major Boeckmann, the technical staff officer of the battalion, worked in a highly satisfactory manner and always very quickly. In general, he praised the good cooperation with industry which also led to good training of the repair personnel in the initial phase. The damage that did occur remained in normal limits; some could perhaps have been avoided if in the case of the LEOPARD 2--as had been done in the case of the LEOPARD 1--a bigger pilot run had been built and first had been put in service. In time there were fewer defects--however, what has remained are service mistakes by the crew despite the ease of servicing the vehicle.

Even though the LEOPARD 2 is more complex than its predecessor, the damage frequency remains lower and also the repair costs are lower. Maintenance and repairs are largely performed in the battalion itself.

--The daily preventive maintenance work--and here the LEOPARD 2 is just as easy to maintain as the LEOPARD 1--is done by the crew itself--this is maintenance echelon 1.

--Once a month technical service is scheduled, in which the crew is supported by maintenance teams of the headquarters and service support company.

--The semiannual or annual big scheduled maintenance work (maintenance echelon 2) and the repair of damages require about one week's work and are performed by the headquarters and support company.

--Bigger damages (maintenance echelon 3) are repaired by the repair company of Armored Brigade 8, which--advantageously for the battalion--is also stationed in Lueneburg.

--Depot repair (maintenance echelon 4) is due after about 11 years. For the LEOPARD 2's, the depot maintenance thus would take place starting about 1991. Here industry hopes that this work, as is the case with many other weapons systems, will also be connected with upgrading of combat effectiveness.

Test equipment is increasingly used in the work at the various levels of repair. Every morning before starting operation the main battle tank is checked in a short time by the crew with the vehicle's built-in computer-controlled tank testing instrument RPP. Practically the entire electronics of the turret and of the weapons system is checked with the RPP. Furthermore, defects can be isolated and located--this work is performed only during maintenance echelon 2. Other test equipment is available in the brigade repair company; there, for example, the bottom plates are tested. The computer-supported measuring and testing system REMUS for the electronics is now being received by the division. There is special shop equipment for the adjustment work for optronics.

Spare Parts Supply Remains Biggest Headache

The spare parts supply is not as good as it might be. It is not yet at the level one would want it to be after more than 4 years following the introduction of the LEOPARD 2 weapons system in the forces. According to the statements issued by the battalion, it can live with the fact that occasionally spare parts are somewhat longer in arriving. The causes for the not yet completely adequate logistic readiness of the LEOPARD 2 are addressed in the talk with the division commander, Maj Gen Wolfgang Tebbe. They are varied but are likely to be soon eliminated after more spare parts were recently ordered. The spare parts supply situation does not have any visible effect on the operational status in the battalion; the operational level lies at over 80 percent of the available vehicles, whereby operational level is defined as operational readiness and availability for training in peacetime operation.

Since at present almost no LEOPARD 2 spare parts are available in the battalion, everything has to be ordered from the brigade supply company, which in most cases has no spare parts either, so that they must come from the division supply battalion. This channel takes about 3-4 days. If no spare parts are available there either, the engineering staff officer can turn to the repair control office in Munster, which then delivers the spare parts or performs the repair work. The work of this team is generally highly praised.

At present, the battalion's logistic sector makes do with improvisations, so that it greatly depends on the personnel and its qualifications how quickly something can be repaired.

Reequipment to Thermal Imager

At present the battalion LEOPARD 2's--they come from the first LEOPARD 2 lot--are in the process of being reequipped with the thermal imager. In each case several vehicles are sent to industry (Krauss-Maffei or Krupp MaK) for about 4 months since, in addition to the installation of the thermal imager, reequipment to the design level of the second lot takes place. The more than 100 changes include lashing of barrel, shifting the tank filler neck, certain new designs, changes in the ammunition storage, etc. In addition, first another system trouble shooting is done in Meppen.

Aside from Unterluess, Meppen is the only firing range in Germany where KE ammunition can be fired. This ammunition requires very large safety zones. As a consequence, thus far only multipurpose or multipurpose training ammunition can be fired; the KE ammunition with "Lochkegel" fin assembly is in the process of being supplied--urgently awaited by the forces.

In the Terrain With the LEOPARD 2

A special kind of event is of course the employment of the LEOPARD 2 in the terrain in the garrison training area. A ride in the main battle tank convinced the author of the handling characteristics, which can be called almost comfortable, of the over 56-ton vehicle, i.e., 47 fully loaded VW Beetles. Especially in difficult terrain, based on the 1100 KW engine--that is 20 KW/t for the LEOPARD 2--the better off-road capability compared with the LEOPARD 1 is said to be evident. Whether better off-road capability can be attained for even higher power-to-weight ratios must almost be doubted. The question always remains whether the crew is able to endure such fast operation over the rough terrain.

Because of the fact that the driver's hatch is always closed, it is less than ideal for the driver that he can view the terrain only by periscope. To balance that, he has a quite comfortable work station. The underway noises actually do not greatly disturb--but this may also have resulted from the fact that the author paid no attention to the noise on account of other new activities in the tank. But overall, the inside of the main battle tank is quieter than, e.g., the MARDER or M-113. With the new protective hood for crew members that has not yet been introduced in the battalion, the deadening of sound is said to be so strong that communication in the tank can take place only over the onboard communications installation (throat microphone) and that it is no longer necessary to scream at one another as it is occasionally done.

Compared with the LEOPARD 1, the probably most striking progress through application of new technologies was made with regard to the work spaces of the gunner and the commander. It is the fire control system with its components which, together with the 120-mm gun, provide thus far unequaled fire power to the LEOPARD 2. The equipment of the fire control system for the most part is operated by the gunner sitting on the right side in the turret; however, the commander can override and, in addition, he has a commander's gunsight and observation device independent of the turret that is rotatable 360 degrees, the panoramic periscope PERI R 17, by which the fire fight can be conducted.

The main sighting device of the gunner is the main aiming telescope EMES 15 into which daylight sight with extraordinarily bright picture, the thermal imager, and a laser rangefinder are integrated. The optic has primary stabilization, the weapon is coupled. This means that the aiming line is stabilized for all movements of the main battle tank "in the terrain," thus the weapon always points in the same direction. Therefore it is very easy to keep the sight and thus the weapon on target, even in case of big lateral movements of the tank, by small movements of the control handle--the author succeeded very quickly in doing so. Through the enlargements by the optical system, even more distant and partially hidden targets can be recognized relatively well. If the gunner is not sure, he switches to the thermal imager. Objects standing out from their environment by their heat radiation are then immediately recognized either as light surfaces in a "negative" picture or as black surfaces in a light "positive" picture. The resolution and the deep action of the thermal image of course are not as good as those of the daylight optical system; nevertheless objects and persons can be easily recognized even at a great distance and especially also at night. Customary camouflaging is of little use in the case of the thermal imager--hot parts such as road wheels or emission gratings are recognizable even through branches. On account of the high current demand, the thermal imager will not always be switched on during daytime; in this case the operating stage "observe" is used so that the thermal imager can be switched on without great delay. The author felt it somewhat disturbing that the magnification factor of the daylight sight optical system and of the thermal imager was not of equal size; therefore one had to adjust oneself anew in each case. By means of a transmission optical system, the commander, too, can see the thermal imager and engage targets by this picture with the faded-in target designators.

The modern computer-controlled fire control system, which also calculates automatically the gunner's prediction based on the tracking speed and the revertive control by the tank's own speed, permits a much more rapid engagement of the target than, e.g., the LEOPARD 1. In this process, rapid range finding is helped especially by the laser range finder, the distance is digitally indicated to the gunner in the eyepiece and is automatically transmitted to the fire control calculation. Several operating modes are possible; the commander can override the gunner, assign a target to him (the turret then swivels automatically in the target direction) and can immediately acquire a new target with its periscope and then control the weapon by the periscope, so that two targets can be engaged in rapid succession. At the same time, the LEOPARD 2 can fire while moving; in the case of the LEOPARD 1 this is possible only after intensive gunner training. Fire control and the 120-mm gun together result in a very high hit probability--the battalion itself was amazed over the good hit results achieved with the newly introduced LEOPARD 2 also by newly trained gunners.

The commander, on a raised seat in the turret behind the gunner, for a panoramic view has the periscope and the stationary corner reflectors. The modern optics system encourages him to make his observations only by means of the optical system--nevertheless they have a disadvantage for rapid battlefield observation: the field of vision is limited. This leads to the possibility--and experience in other armies is the same--that the commander sticks his head out of the hatch

and thus greatly exposes himself to injury from artillery fragments. The Israelis--there things are no different despite all admonitions by the army command--protect the commander with a helmet and fragmentation protection. For this reason, the French provided the commander with a small cupola that permits him a free panoramic view.

Rapid orientation by an unobstructed view, important especially to the platoon leader who must coordinate deployment of 4-6 tanks and order target assignments, also leads to skepticism by many tank commanders toward a main battle tank with an externally mounted weapon. To be able to observe the battlefield by optical systems only is virtually inconceivable to them. For example, mine fields could then not be recognized, the relationship to the battlefield for practical purposes would be completely lost. Thus there are good reasons for opposition to an externally mounted weapon even though the tank officers rejecting this design admit that the pro's and con's of the externally mounted weapon have become almost a question of faith.

An what is the attitude towards the 3-man crew? Generally the 4-man crew is preferred since the crew members are then able to spell one another to some extent and one of them could occasionally rest a little. In addition, the fourth man is absolutely necessary to safeguard the tank in the terrain; if he were to be eliminated by introduction of an automatic loader, then at least one armored infantry company would have to be assigned to safeguard an amored battalion in the terrain.

Even though the visit to the Lueneburg Armored Battalion 83 lasted only for a day, the time was sufficient to get a very good impression of the battalion, its leadership, the motivation of the soldiers, and above all of the performance capability of the LEOPARD 2 main battle tank. The crews are proud of this main battle tank and know how to handle it. It is hoped that the logistics questions will soon be solved to the complete satisfaction of all those involved.

Interview With Division Commander

Bonn WEHRTECHNIK in German Aug 84 pp 30-34

[WEHRTECHNIK interview with Maj Gen Wolfgang Tebbe; date and place of interview not indicated.]

> [Text] Armored Battalion 83 belongs to the Third Armored Division stationed with headquarters in Buxtehude. WEHRTECHNIK interviewed the division commander, Maj Gen Wolfgang Tebbe, who holds a degree in engineering, concerning his experiences as commander with this modern main battle tank. He used to be in the army command staff as staff section head VII for armament and as such was familiar with the LEOPARD 2.

WEHRTECHNIK: General, as you see it as division commander, are you satisfied with the LEOPARD 2 or are there some problems once in a while?

Major General Tebbe: As a result of the extensive field testing carried out prior to approval for introduction into service in addition to the technical testing, significant defects can no longer occur when a new weapons system is introduced in the force. Thus the LEOPARD 2 is a weapons system that, viewed from the technical aspect and also from the training aspect, causes far fewer problems than was the case with previous weapons systems.

Of course, as regards the logistics field, we are in an expedient phase; full logistic readiness has not yet been achieved. But the expedient measures have been so arranged--and that is what is decisive--that no weaknesses occur in the supply for the forces, so that the state of operational readiness of the LEOPARD 2 battalions is no worse than that of battalions with other weapons systems.

WEHRTECHNIK: Now three to four years after the start of series production, why isn't there as yet full logistic readiness for the LEOPARD 2?

Tebbe: Full logistic readiness actually always presents a problem. In practice there are two alternatives: Either I decide following deployment authorization and design approval that I establish full logistic readiness and prepare lists of spare parts and order spare parts--but this takes time, i.e. I would have to wait for another 2-3 years to start production. Only in this manner would it be possible to have full logistic readiness at the time of introduction into the service. Or--I work with expedient actions during the first phase, thus establishing supportability. I believe that in the future, too, we are not always going to be able to proceed in any other way. Added to that as far as the LEOPARD 2 is concerned regarding spare parts supply was the fact that we have gotten into the tight 1981/82 fiscal years, so that ordering of the appropriate spare part lots was delayed to some extent. But basically I would like to emphasize once again that spare parts supply does not cause any difficulties, the supply of the forces is safeguarded.

WEHRTECHNIK: The LEOPARD 2 is a very modern and therefore also complex weapons system. Is it really possible to operate it with draftees?

Tebbe: In the beginning voices were heard that the LEOPARD 2 with its complex fire control system cannot be mastered by a draftee with a training period of only 15 months--every gunner, they said, would have to have practically an engineering degree. But that was a big mistake.

The youth of today is practically growing up with the computer, it has an entirely different relationship with technology and can cope with it quickly. The training aids and the ease of operation of the LEOPARD 2 are such that the average draftee in his function as loader or gunner can master the LEOPARD 2 well.

It is another matter whether the operational capability of the main battle tank can be fully utilized and whether the soldiers can transform the technical capacity also in a tactically correct manner. We have geared ourselves to that in the training and in the case of the LEOPARD 2 crew, we have changed relatively early to a crew drill that includes the commander. He is now not only

instructor of his crew but he, himself, is a part of the team to be trained. Thus the training responsibility is shifted in part to the platoon leader and the company commander. Thus we succeed in largely exhausting the operational capability of the LEOPARD 2.

WEHRTECHNIK: You have now had the LEOPARD 2 in your division for about 2-3 years and thus have also gathered experience with it. Are there any areas in which you would change the LEOPARD 2 based on this operational experience?

Tebbe: Probably all of us in the division are of the opinion that the LEOPARD 2 constitutes a tremendous leap forward--the forces are convinced that it is the best main battle tank in the world. And therefore no wishes for changes have been expressed.

WEHRTECHNIK: The feeling of having the best main battle tank in the world, has it affected motivation?

Tebbe: The motivation of the soldiers in the LEOPARD 2 battalions is very, very high. We have great confidence in this weapons system, a fact that is also evident in the morale and in the self-confidence of the forces. The conviction of possessing the best main battle tank weapons system in the world is noticeable in the forces--I would like to cite here a reporter who told me his feeling that the soldiers really "love" their tank. Furthermore he related that the crew, from commander to driver, constitute a real team. It is evident: when the crews achieve a 90-percent first-round hit probability after very short training periods, that is also reflected in the morale.

WEHRTECHNIK: Are there still restrictions in practice operation?

Tebbe: We continue to have the annual kilometer maximum performances which are adequate for training operation. The same applies to rounds per tank.--they, too, permit good training. We have enough training areas so that a regular training operation can take place. However, increasing difficulties are caused by training in open terrain. Moreover, we want the KE training ammunition to be received by the forces very soon, for thus far we have only been able to practice with multipurpose ammunition. But the principal ammunition of the LEOPARD 2 is the KE projectile.

WEHRTECHNIK: It was said once that the LEOPARD 2 is too loud for the crew. Is that really a problem?

Tebbe: This topic is really no longer a topic--since I have been division commander the issue has not been brought up with me. Moreover, the decision has now been made to introduce protective hoods for the crew.

WEHRTECHNIK: Is the important role of the main battle tank on the battle field going to continue in the future, too?

Tebbe: In my opinion, the main battle tank will have an important role in the future, too, because it is the only weapons system that can be mobilely employed under adequate protection and with the corresponding firepower. As long as I

do not possess another weapons system that can assume the tasks with the same effectiveness and cost effectiveness, I must also think of a direct successor. This has nothing to do with the successor thinking. If in a threat analysis the kind of weapons systems required in 10 or 15 years is considered and the conclusion is reached that an existing weapons system is no longer effective enough and could be replaced by a better, completely different weapons system, then that will be done.

WEHRTECHNIK: But will it be necessary to retain the relatively large number of main battle tanks?

Tebbe: That requires careful conceptional considerations. Until now all studies have shown that our main battle tank number is exactly the minimum of what we require for an effective forward defense in our combat sector.

WEHRTECHNIK: For some years the attack helicopter has been regarded as the principal enemy of the main battle tank. How do we protect the main battle tank against it, how do we fight it?

Tebbe: The best protection is tactically correct behavior, to be as little visible as possible, to make it more difficult for the attack helicopter to recognize its target. I see less of a problem in fighting an attack helicopter than in acquiring it. I cannot imagine that a tank crew engaged in battle has the time to search the terrain to recognize an enemy attack helicopter at 3,000 or 4,000m, an attack helicopter which itself proceeds correctly in a tactical sense. But if it is not possible to recognize it, it can also not be fought. If the location of the attack helicopter is known, it can also be effectively engaged with other weapons, e.g., artillery. And moreover we also have our antiaircraft tanks. In saying this I do not want to imply a multipurpose or special projectile could not also be useful for the main battle tank to combat helicopters.

Third Armored Division

Bonn WEHRTECHNIK in German Aug 84 p 36

[Text] The Third Armored Division--with staff headquarters in Buxtehude--was organized on 1 July 1956. The command region of the division, which belongs to the I Corps, comprises garrisons between Cuxhaven, Hamburg, Lueneburg, Munster, Rotenburg/Wuemme, and Verden.

The Third Armored Division includes the following units:

--Armored Infantry Brigade 7 in Hamburg-Fischbek;

--Armored Brigade 8 in Lueneburg;

--Armored Instruction Brigade 9 in Munster;

--Artillery Regiment 3 in Stade;

--Air Defense Regiment 3 in Hamburg-Fischbek.

The division possesses about 1,000 tracked vehicles, including the main battle tank LEOPARD 2 in both armored brigades, the LEOPARD 1 in the armored infantry brigade, the APC MARDER and in the air defense regiment the GEPARD. With these tracked vehicles roughly one million kilometers are traveled per year. In addition there are about 4,900 wheeled vehicles. Of course, the high driving performance requires considerable maintenance and repair effort, roughly 850,000 manhours per year in the division repair battalion and in the repair companies of the brigades.

As a large-scale technical enterprise the division has a big storeroom with about 22,000 different articles valued at about DM 60 million; the value of the goods turned over annually amounts to about DM 250 million. For this purpose 47,000 requisitions are processed per month in the supply units.

In peacetime the division has 19,500 soldiers and in a national defense emergency 26,000. Of the soldiers, 60 percent are draftees; 34 percent, long-term servicemen; and 6 percent are career servicemen. Every year about 11,000 recruits enter military service. Six hundred civilian staff members are working in the forces; an additional 4,700 staff members are also employed for support of the division in the garrison administrations in the stationing area of the Third Armored Division. Every year perhaps over DM 350 million is paid in wages and salaries to soldiers and civilians. More than DM 20 million is spent annually for rations. A total of DM 10 million is paid to trade and industry for procurement, maintenance and repair of the equipment. For new and expansion structures and for maintenance of barracks and garrison training areas about DM 80 million was spent, for energy supply about DM 30 million.

Armored Battalion 83

Bonn WEHRTECHNIK in German Aug 84 p 42

[Text] Armored Battalion 83 was organized on 8 November 1958--since that time, that is now over 25 years--it has been stationed in Lueneburg and feels very comfortable there. Initially it was equipped with the M-47 battle tanks; as early as 1959 re-equipment with the M-48A2 took place; in 1961 the M-48A2C version followed with the modern coincidence range finder. The LEOPARD 1 came to the battalion in 1966--the last one was issued in November 1981 since, starting mid-May 1981, reequipment to the LEOPARD 2 took place. At present the LEOPARD 2's are being re-equipped with thermal imagers; simultaneously the main battle tank is being raised to the design level of the second lot of the LEOPARD 2 series.

The reorganization to Army Structure 4 took place in October 1980. Since then in peacetime the battalion includes a headquarters and support company with subordinated supply share for Armored Battalion 81, 3 combat companies 2./83 to 4./83 with 13+1 LEOPARD 2 tanks each, as so-called fifth company of the 3rd Armored Battalion 81 with 13 main battle tanks LEOPARD 2. This company will be released to Armored Battalion 81 in case of training or mobilization, as well as parts of the headquarters and supply company.

Altogether Armored Battalion 83, together with the parts of Armored Battalion 81 subordinated to it during peacetime, comprises about 450 soldiers, of which 59 percent are long-term and career servicemen and 41 percent are draftees. Aside from the total of 55 LEOPARD 2's, there are in the battalion 17 5-ton trucks with cross-country mobility, 17 0.5-ton trucks with cross-country mobility (ILTIS), 5 platform trucks, 3 VW busses, 14 motorcycles, and other wheeled and tracked motor vehicles, such as, e.g., armored recovery vehicles, M 113 APC's, 5.5-ton crane trucks, etc.

In September 1963, sponsorship of the former von Borcke Infantry Regiment (Fourth Pomeranian) No. 21 was assumed whose old motto "Never hesitate" continues its validity in the battalion to this day. In 1966 there was then a ceremonial sponsorship exchange with the Belgian 4th Regiment Lanciers together with which the battalion had become joint victor in the Canadian Army Trophy. The battalion won this well known tank firing competition once again in 1973.

LEOPARD 2 Production Program

Bonn WEHRTECHNIK in German Aug 84 p 44

[Text] At the beginning of 1984 an order was placed with the general contractor Krauss-Maffei for the fifth lot of the LEOPARD 2. The order consists of 370 vehicles as the last production lot of the 1,800 LEOPARD 2's planned at this time for the Bundeswehr. Thus the LEOPARD 2 procurement program by its volume is the biggest army project since the Bundeswehr has been established. Final assembly of 55 percent of the vehicles takes place with Krauss-Maffei, 45 percent with Krupp-MaK.

Lot	No. of Vehicles	Date of Contract	Delivery
1	380	Dec 77	Oct 79-Mar 82
2	450	Oct 80	Mar 82-Nov 83
3	300	Dec 81	Nov 83-Nov 84
4	300	Dec 82	Nov 84-Dec 85
5	370	Jan 84	Dec 85-Mar 87
NL[3]	445	Mar 79	Jul 81-Apr 86
CH[4]	35[1]	Jan 85[2]	mid-87[2]

Key:

1. 35 vehicles of the first lot of 210 LEOPARD 2's to be delivered from Germany.

2. Probably

3. The Netherlands

4. Switzerland

Since mid-1984 over 1,000 LEOPARD 2's have already been put in service with the Bundeswehr combat forces, whereby the planned target dates for the deliveries could be exactly adhered to during the 4-1/2-year delivery period. The last of the 1,800 LEOPARD 2's thus far planned will probably be delivered in March 1987. By the same date, the entire first production lot of 380 vehicles will have been adapted to the technical level of the second production lot. This also includes the complete passive night operations capability by means of the integrated thermal imager. For this purpose, industry receives 10 vehicles monthly of the first lot inventory from the various armored battalions.

In the past two-year delivery period to the Dutch army, industry was also able to adhere exactly to the planned target dates for the delivery of the LEOPARD 2's. By mid-1984 exactly half of the ordered 445 LEOPARD 2's has been put in service with the Dutch army; the last LEOPARD 2 will probably be delivered in April 1986.

After a 1-1/2-year comparison test, Switzerland, too, decided in favor of the LEOPARD 2. In two lots, 210 main battle tanks each are to be ordered, which, except for the first 35, are to be produced in Switzerland under license. Introduction into the Swiss army is planned starting in 1987.

By putting the first LEOPARD 2's in service in early 1980 . thus the forces were provided with the necessary preliminary basic material data for the first time so early. As early as 1983, the preliminary technical service regulations and spare parts catalogs valid until then were replaced in the forces by more recent versions, according to the technical level of the LEOPARD 2 series. The supportability of the weapons system has been ensured.

The training installations ordered from the general contractor Krauss-Maffei for the training of the tactical and technical forces--for the Bundeswehr as well as the Dutch army--have been delivered in the meantime. Additional training installations--such as, e.g. the firing simulators--are being discussed. They could contribute to easing the burden on the LEOPARD 2's that are with the forces, so that ammunition, spare parts, and fuels could be saved in significant quantities.

A newly developed mottled camouflage is being introduced for the first time for the LEOPARD 2 and will probably be delivered by industry with the 1150th vehicle by the end of the year 1984 in series production.

The LEOPARD 2 program is an important employment program for German industry by engaging more than 1,500 industrial enterprises with over 10,000 persons employed in production.

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AIR FORCE CHIEF REVIEWS NATO-LINKED C^3I SYSTEMS PROGRESS

Bonn WEHRTECHNIK in German Aug 84 pp 52-59

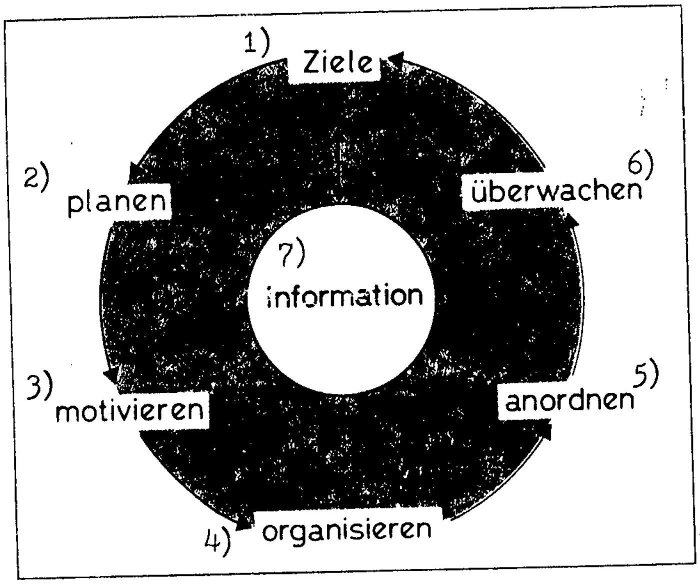
[Article by Lt Gen Eberhard Eimler, Luftwaffe chief of staff: "Command Systems in the Alliance-Wide Network; Example: Luftwaffe Command System"]

> [Just when armament planning is subject to the greatest economy, it is especially important to assure a balance between the threshold combat strength values of armed forces, fire power, mobility, protection and command capability. Command capability depends on a command organization, the training and motivation of its leadership forces as well as on the extent and up-to-dateness of the command information, which are provided by the corresponding command resources. At the annual meeting of the German Defense Technology Association (DWT), Lt Gen Eberhard Eimler commented on this subject, with emphasis on the example of the "command system of the Luftwaffe." In this connection the problems of relating to other systems and also the technical system, that is to say the so-called Luftwaffe command information system, are treated in such an exemplary manner that universal statements can be applied to other fields and the context remains clear.

In the past years we have undertaken great efforts to improve the defense capability by introducing new, powerful weapon systems. The training of our soldiers in the handling and logistical support of these new, complex systems is making great strides. In order to assure the abovementioned balance, we have begun to improve the command resources accordingly.

In so doing we are fully conscious of the challenge, which the astonishing development of "information technology" has brought about in arms technology as well. To reject the capabilities of these new developments would be equivalent to taking a considerable step backward in technology. We are also quite aware that on the path we have chosen, utilizing the achievements of information technology for the purpose of improving the effectiveness of the combat forces, we cannot suddenly stop or even turn around.

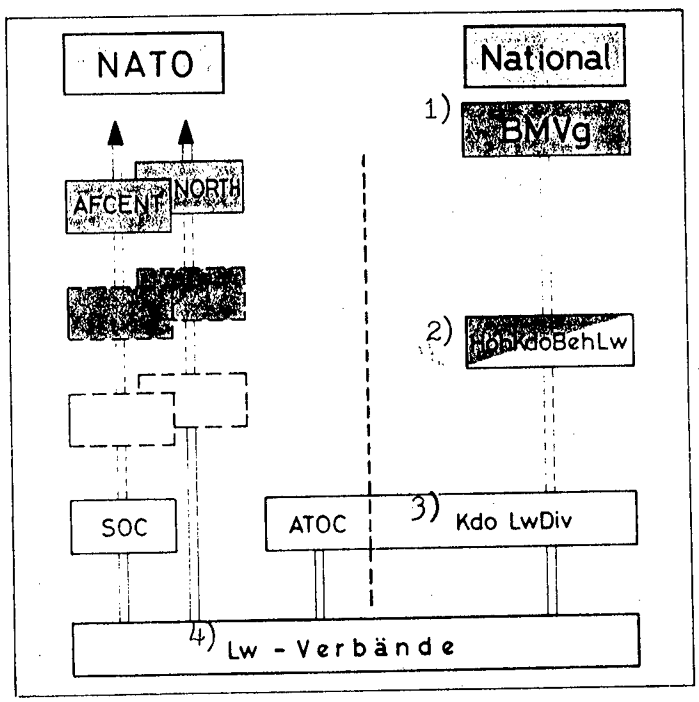
Nevertheless, we are guided by the conviction that despite all new technological developments the established fundamentals of military command



Command is characterized by information processes, which include all elements of command and combine them with one another.

Key: 1) goals
2) planning
3) motivation
4) organization
5) configuration
6) monitoring
7) information

A Double Chain of Command for Luftwaffe Units



Key: 1) Federal Ministry of Defense
2) Luftwaffe Commander in Chief
3) Luftwaffe Division Commands
4) Luftwaffe units

will continue to exist. We will not misuse the services of information technology to pile up vast quantities of information in central offices. On the contrary; we strive to make the necessary information available in a sensible way to the various levels of the command organization in order to complete the task in question.

The principle of the mission-type tactics is to delegate responsiblity of decision to the lowest level of the hierarchy that can complete a given task. This principle retains its validity when using the new systems. However, we are called upon to adapt the existing command methods to the new means of command, but it takes place only after the most thorough preparation and in steps that are easy to grasp. This is so that the intended objective of an improved command capability will be achieved in an evolutionary manner, without the occurrence of breaks during a transitional phase.

The potential enemy must also also utilize the technical means of data processing for his armed forces. The qualitative lead in information technology opens up a quite realistic opportunity to at least partially offset the quantitative superiority of the East.

The Role of Information in the Command Process

The numerous attempts to comprehend the concept of command and to define it in general terms could not bring about universal agreement. Independent of the various intellectual approaches, however, two characteristics of this concept have taken shape:

--At the core of its nature, command is characterized by information processes, which include all elements of leadership and connect them with one another.

--An essential characteristic of successful command is its dynamics.

Both definitions are highly important!

The dynamics of the command procedures increase with the growing efficiency of modern weapon systems. This gives an adequate, rapid information supply increasingly greater power to decide about success or failure in combat.

That means that we must speed up all flows of information to such an extent that decisive action is actually possible at the moment of command. Only that way can we remain masters of the situation. If we were to lose this race, the command activity would largely exhaust itself in the hurried reactions to initiatives by an enemy or to other influences. Seen from this point of view, information appears as a third given dimension in the Armed Forces beside the categories of personnel and materiel.

What Is Command Capability?

When I use the concept "command capability" in this context, it is in the sense of the following definition: Command capability is the capability of directing, in an orderly fashion, the combat strength of armed forces toward a target and making it effective, in order to complete a mission.

Command capability depends on a command organization, on the training and motivation of its command forces as well as on the extent of the up-to-dateness and accuracy of the command information made available through the corresponding command resources.

In this context, command resources are considered general technical installations and systems, which serve to acquire, transmit, process and represent information. Data processing has opened up extraordinary opportunities for this. By using data processing in the command resources, it becomes possible to support the information processes technically, expand them considerably and speed them up.

The Luftwaffe used these advantages early on in the combat control systems of aerial defense, since precisely in this field the time factor is of decisive importance. With the decrease in reaction time, the degree of assignment completion increased.

Today we find data processing in the Luftwaffe not only in the combat control systems, but also in the information systems, in the individual weapon systems and all the way to the microprocessors of the combat and deployment resources. This applies equally to all the services.

Two Categories of Information Systems

In the Federal Armed Forces the information systems are divided--somewhat arbitrarily--into two categories:

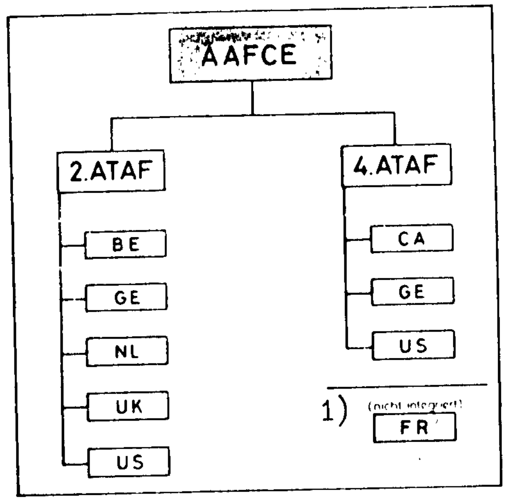
The "command information systems" must conform to the special operating conditions of war and primarily meet the requirements for:

--Suitability for employment,
--short reaction time,
--being highly fail-safe and flexible,
--being safeguarded against interception and jamming, as well as
--survivability.

These demands require high costs for development, procurement and maintenance of the systems.

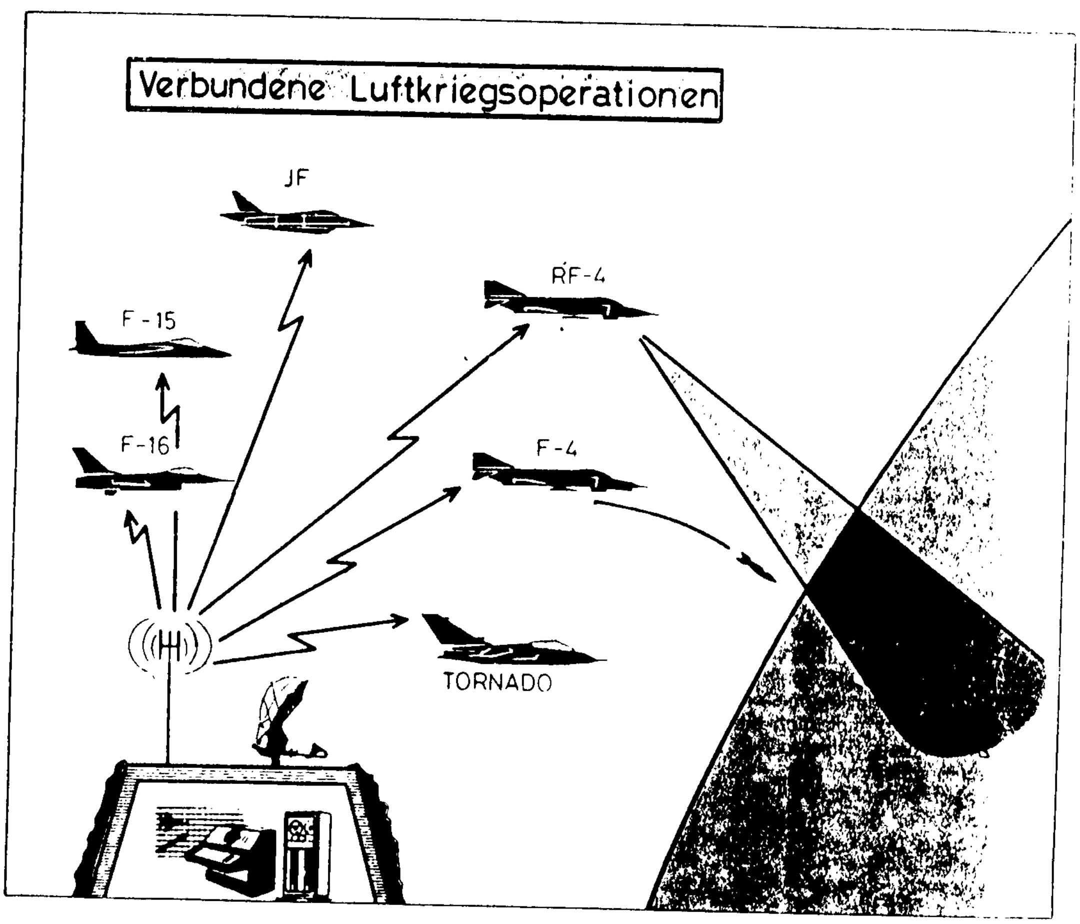
The wide range of tasks of the Federal Armed Forces can also be supported by less costly systems. This support takes place through the so-called "technical information systems." According to the fixed concept of "computer-supported information systems of the Federal Armed Forces," they serve to

Allied Air Forces in Central Europe



Key: 1) not integrated

Combined Air Warfare Operations



"build up, maintain and further develop the Armed Forces." Technical information systems are to be chiefly suitable for mastering tasks in peacetime and during crises; only individual tasks must also be fulfilled in wartime. Measured by this set of tasks, the buildup and utilization of these systems must primarily follow the guidelines of economic efficiency.

Abbreviations

AAFCE	Allied Air Forces Central Europe
ATAF	Allied Tactical Air Force
LV	Air Defense
SOC	Sector Operations Centre LV Sector Command Post
LA	Aerial attack
ATOC	Allied Tactical Operations Centre LA (Division) Command Post
ASOC	Air Support Operations Centre LW Luftwaffe Support Command Post
VLO	Combined Air Warfare Operations
CCIS	Command and Control Information System (FueInfoSys)
EIFEL	System name, originally Electronic Information System for Command and Deployment of the Luftwaffe
DISTEL	Subsystem name, originally Digital Information System for the
Tactical	Deployment of the Luftwaffe
SYLT	Subsystem Aerial Transport
SUSYLOG	Subsystem Logistics
RAP	Recognized Air Picture (evaluated air situation).

The Luftwaffe Command System within the Framework of NATO

Each effort to improve the command capability of the Luftwaffe must be oriented toward the mission of the Luftwaffe. This mission has its foundations in the concept of the Federal Armed Forces and in the "Flexible Response" military-strategic concept of NATO. All the measures to be instituted within their framework are determined jointly by all nations in the NATO. The operating forces are commanded through NATO command posts. Responsibility for the leadership of combat units in operation is transferred to NATO commanders according to various regulations. This results in a double chain of command for many Luftwaffe units.

This double chain of command leads to a particular set of problems for the command system of the Luftwaffe. For this system must meet two requirements: In addition to the national command task, which primarily serves to create and maintain operational readiness by the Luftwaffe, the tie-in of the units with the NATO command system must take place in such a manner, that a transfer of responsibility can take place without friction during a crisis.

Since this is important at all times, above all in air defense and in air surveillance, the wings and regiments placed under NATO are commanded even in peacetime through allied air defense commanders at the operations centers of the air defense sectors (SOC). These, in turn, are subordinate to the allied tactical air fleets (ATAF). The always operational air defense forces have an important security-political role to fulfill. They prevent a potential enemy from being able to separate the individual NATO nations from each other by a limited attack. Integrated air defense assures that every incursion in a crisis and every attack will automatically result in the reaction of the entire alliance.

Naturally, there are difficulties in coordinating the deployment of different air forces in the Central Europe command area. These are caused by the fact that air forces from seven allied nations, including France, are involved. Despite a uniform command language, national ideas regarding the most appropriate methods of command vary a great deal. By actively participating in the conception of the NATO command information systems, the Luftwaffe succeeded in including both our experience from systems already in use and our command principles.

We make particular efforts to maintain the mission tactics principle, meaning the delegation of command responsibility, in the international sector as well.

A comparison of command information systems clearly shows that the logic programmed into them ultimately reflects the national command concepts of the user in methods and procedures. When making similar comparative considerations it is quite remarkable to observe how deeply a technological development can penetrate a field that previously was accessible exclusively to intellectual conflicts.

Our discussion with the allies also assures that the cooperation of all forces for the purpose of general warfare is considered a significant main effort.

Combined Air Warfare Operations

For the air forces this is primarily valid in planning the "Combined Air Warfare Operations." For the purpose of achieving an operational goal, air warfare resources from various deployment roles are combined under uniform leadership for limited operations, which are connected in time and space. The necessary coordination effort can no longer be accomplished without the support of modern command resources.

Nevertheless, combined air warfare operations are possible. In these the most varied air warfare resources are combined, beginning with the reconnaissance systems, fighter bombers, fighter aircraft, electronic warfare aircraft and anti-aircraft missiles all the way to the air surveillance and command organization.

The computer-supported information systems of the NATO air forces will therefore assume an increasingly important role in supporting this complex

operational planning. Intact command and communications systems are an essential precondition for overcoming the locational separation between the air defense command posts and the aerial attack by means of an efficient information linkage.

Demands on the Command Capability of the Luftwaffe

The following demands for command capability are a consequence of the inclusion of the Luftwaffe units in the NATO command organization:

--Allied commanders must be able to command Luftwaffe combat units in action even in peacetime or after certain alarm measures have been triggered.

--In order actually to be able to exhaust the high reaction capability of the air forces, their flexibility, their capability of forming points of main effort, their speed and range, those responsible for the command must at all times possess extensive and up-to-date information about enemy positions and their own situation.

--Resources and regulations for organizing the air space must guarantee that air warfare means can be employed in combination as well as in coordination with other users of the air space.

ACCS

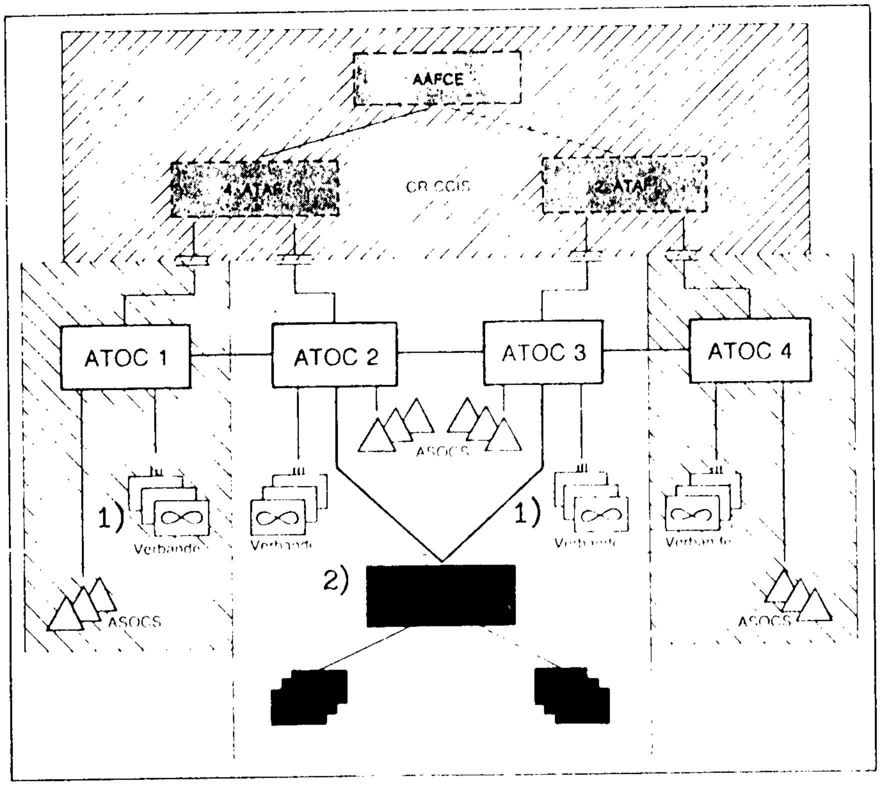
These operational demands also form the foundation for NATO's planned Air Command and Control System (ACCS). The most important objective of this system development is to create a command resource which can guarantee optimal cooperation of all allied air forces in Europe. The FRG emphatically supports the planning and development of this system. The Luftwaffe is actively contributing to the drafting of this system. In so doing, our command concepts, as well as our experience, are brought to the work of the NATO. This assures that the interface between the NATO systems and the Luftwaffe corresponds to the requirements of our system.

National Tasks

In addition to being included in the NATO command structure, the Luftwaffe's command information system must also support the various national tasks of the Luftwaffe. These serve to create and maintain the operational readiness of the Luftwaffe in peacetime as well as in war. Training, personnel management, business management, logistics, planning and armament, each area with its own extensive performance, contribute to this.

Coordinating this operational support with the integrated command of the air forces results in significant tasks for the national command organization of the Luftwaffe, which for the latter leads to demands for command capability. The command capability of the supporting units and installations must, as in the combat units, be adapted to the operational conditions of the war. These are determined by the physical and electronic threat which can be anticipated.

The EIFEL 1 Command System Already in Use



Key: 1) units
2) Luftwaffe Command Post Organization

Special protective measures are necessary, however, since the vast majority of the operational Luftwaffe units, which even in peacetime are always active, operate from well-known, permanent installations. The demand for command resources resulting from this is evident.

Command Resources in the Command System

The objective of using modern command resources is to present the information essential for commanding so that it is

--as complete as possible, but tailored to the command task in question,
--correct, that is to say truthful, and
--available at the right time.

In this manner the command resources serve primarily the purpose of covering the enemy situation and the situation of one's own units as thoroughly as possible, in as detailed form as necessary and, above all, at the right time, of communicating this information safe and protected and finally of preparing it and representing it to the decision-makers in accordance with the mission. An equally important goal for the employment of modern information technology is also to protect the decision-makers on staffs and at command posts from

being swamped with data of different up-to-dateness, varying degrees of detail and insufficient reliability.

The very multitude of technical means offered for bridging individual gaps in information contains a risk: The danger occurs that a flood of data will create confusion rather than a useful supply of information.

The Luftwaffe has therefore, as have all the other armed forces, established the objective of a mission-adapted information supply for all command forces by means of an "information concept."

The planning, introduction and support of the command resources are the duties of the command services of the Luftwaffe. The concept of "command services" corresponds to the expression C^3 (Command, Control and Communications) commonly used in NATO language. The significance of this duty for the Luftwaffe can be measured by the fact that within the Luftwaffe command structure a separate so-called Luftwaffe Special Command is the air command service detachment centrally responsible for all matters of information supplied to the Luftwaffe.

The EIFEL Luftwaffe Command Information System

The technical core and integrated component of the Luftwaffe command system is the "EIFEL Luftwaffe Command Information System." EIFEL supports the command and deployment of Luftwaffe combat units in the Central Europe NATO command area, as well as in the Baltic Sea Approaches area. It also supports forces and means to be deployed in peacetime and in war. After its final expansion, EIFEL will fulfill its tasks on all levels of command and in all operational areas by reporting, evaluating and representing all information vital for the command.

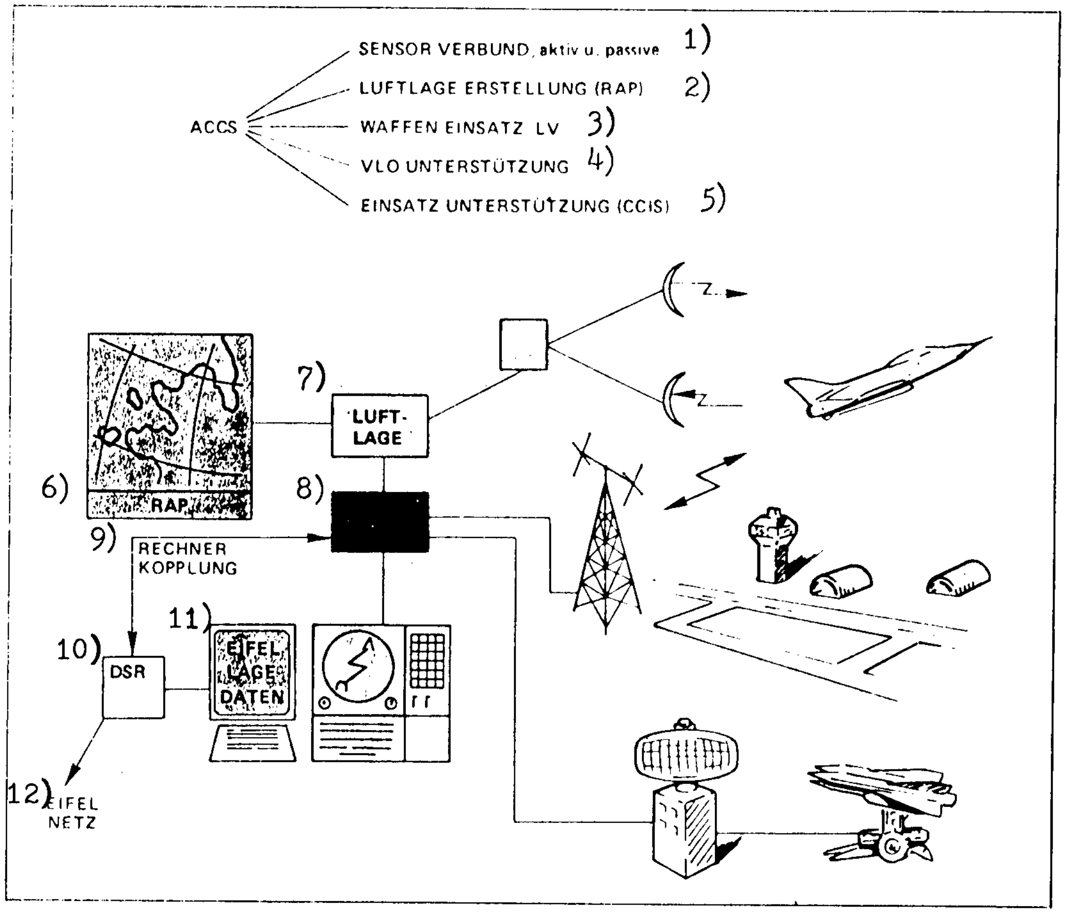
This wide-ranging spectrum of duties requires the development of a decentralized system with a Luftwaffe-wide, dispersed, data bank. The situation of the Luftwaffe is constantly kept current through the individual obligation of the units to update all data that have to be reported. This situation information is available throughout the Luftwaffe to all who are entitled to access. Condensation of the detailed unit data ensures that only the necessary information is made available to each higher level of command. The nature of this condensation of information is determined jointly with the users.

Besides the Luftwaffe's own situation and command-important information from all principal staff functions, the system will essentially include the enemy situation in the Central Europe command area.

High Survivability

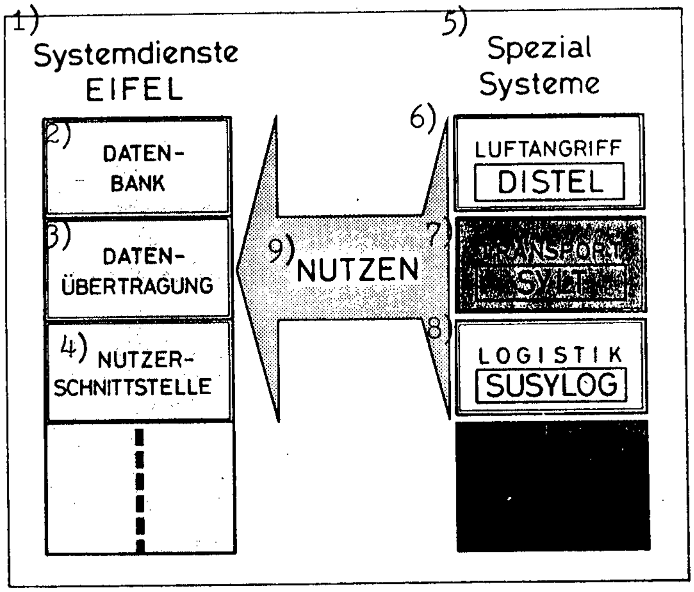
A similar concentration of highly sensitive information needs a balanced system to insure against foreign access. What is involved is a combination of safety measures in data processing and conventional security and

EIFEL as a Component of the ACCS



Key:
1) Sensor network, active and passive
2) Air situation reporting
3) Air defense weapons deployment
4) Combined Air Warfare Operations Support
5) Operational support
6) Recognized Air Picture
7) Air situation
8) Weapons deployment
9) Computer linkup
10) DSR
11) EIFEL situation data
12) EIFEL network

EIFEL Subsystems



Key:

1)	EIFEL system services	6)	Air attack--DISTEL
2)	Data bank	7)	Transportation--SYLT
3)	Data transmission	8)	Logistics--SUSYLOG
4)	User interface	9)	Usage
5)	Special systems		

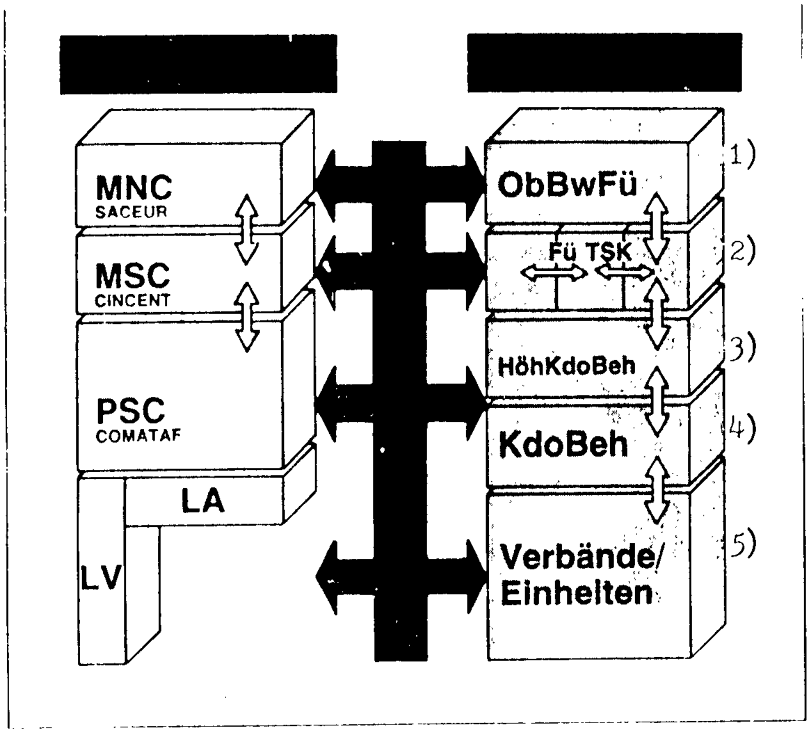
communications safety precautions. In order to guarantee the survivability of the system in case parts of it are destroyed, the individual computer centers of the system will provide mutual support for each other. Combined with the many times redundant support by the automated command communications network of the Luftwaffe, the system achieves a survivability equalling that of the staffs and command posts it has to support.

Despite this, the Luftwaffe will continue to be able to use the conventional command resources and in the future as well be able to maintain a fallback position for situations, in which widely dispersed breakdowns of the command information systems have to be bridged.

EIFEL 1 Already in NATO Use

A precursory system to EIFEL, the EIFEL 1 is used by NATO command posts as well as by the Luftwaffe. This is the ATOC-CCIS/EIFEL 1 system, which is used by the Allied Tactical Operations Centers (ATOC) for commanding NATO air strike units. A very extensive cooperation capability has thus been achieved. With the ATOC-CCIS it is possible even today for each of the four ATOC to issue operational orders to each air strike unit in the Central Europe command area and to supervise their execution. By including the Army Corps command posts in this joint information group, the reaction time for support requests can be considerably reduced. This will be continued with EIFEL.

Interoperability Between National (Right) and NATO Command Information Systems



Key: 1) Supreme Commander of the Federal Armed Forces
2) Service component commanders
3) Commanders in chief
4) Detachment commanders
5) Forces/units

Besides replacing the EIFEL 1 system, which originated in the 1970's, with the ATOC, in the event of war EIFEL will combine all Luftwaffe units and the Luftwaffe command post organization in a joint command system.

An important partial objective for this is the previously cited improvement in coordinating the deployment of air strike and defense forces during joint air warfare operations. In so doing EIFEL fulfills many of NATO's demands for the future Air Command and Control System (ACCS) aerial warfare system. EIFEL is therefore regarded by the FRG as one of the most significant components of the ACCS in the Central Europe command area.

EIFEL Subsystems: DISTEL, SYLT, SUSYLOG

For special planning tasks and the weapon system-oriented operational preparation, subsystems will be made available in the future, which will go through the EIFEL computer network. To this end DISTEL supports operational planning and preparation of conventional air strike forces, SYLT the air transportation command centers and task forces and SUSYLOG the operational control of the immediate logistical operations support.

As examples of the subsystems I would like to mention a few important functions of the DISTEL subsystem for supporting conventional air strike forces: DISTEL is primarily used for planning the execution of airborne operations by wings and squadrons. Implemented as a software package for the EIFEL computers, it will have its own "intelligent" data link terminals, so-called DISTEL work stations. These are distinguished by a color graphic display and equipment for computerizing maps from the conventional EIFEL equipment. In operational planning DISTEL shows the pilot the current threat along the flight path and in the target area. It calculates the optimum armament and the necessary number of aircraft in order to combat a certain target successfully. The system advises the planners on electronic protective and countermeasures, prepares "intelligent" weapons for deployment and will be capable of passing on via EIFEL to special systems the results of the operations and the threat recorded during the flight for evaluation.

While EIFEL will begin development this year, DISTEL enters the definition phase.

Cooperation by the Information Systems

When speaking of plans for command information systems, the question of connecting information to other systems already in use or being planned by the Federal Armed Forces or NATO comes up. A comprehensive Armed Forces or even alliance-wide overall system would be conceivable, to be sure, but as an actual system it could hardly be put into practice. In addition to the dimensions, which would be difficult to cope with, various military conditions, the diversity and dissimilarity of the tasks and above all the economic and financial factors argue against such a comprehensive project.

However, an independent parallel position of national command and special information systems and strictly NATO-CCIS are equally difficult to accept. Otherwise the unit would be unreasonably burdened with a duplication of terminals for various systems, as well as multiple obligations to report the identical data content to several systems. With that, the danger of incorrect information for the command would increase, despite a great deal of expense for coordination.

The plans, developments and procurements of information systems initiated in the past 20 years could not be based on an extensive, overall concept. But today, when information systems are developed independent of each other in place, time and technology, it is of decisive importance to provide for clear interfacing between the existing and new systems. These make it possible for the necessary information transitions to be established without losses, incorrect interpretations or costly conversion processes.

In this connection it is essential to equip the Luftwaffe units as an organic whole, in such a way that the personnel specialist can exchange information with the operations officer and the logistician over one and the same unit, although he uses it primarily for delivering his personnel reports to a central technical information system for personnel management. We cannot and

do not want to afford the installation in the units of a special system with different equipment for each principal staff function. Moreover, we demand that the project officer, supplied with the necessary data processing support at his work station, should be able to carry on a sensible dialog with all others who are responsible for commanding, wherever this is necessary.

This requirement for interoperability is also a principal NATO demand, aimed at all command information systems throughout the alliance. NATO defines interoperability as "the capability of systems, troop units or combat forces to furnish output to other systems, troop units or combat forces or receive it from them and to use this mutual output for successful interaction."

This demand for interoperability thus encompasses:

--the command information system of the NATO commanders in Europe with all its components,

--national command information systems, directed at the command responsiblity of whoever has the authority to command,

--tactical command information systems under the NATO air fleet or army groups.

In view of the multitude of command information systems and the diversity of their mutual connections, NATO has decided to combine interface standards of general validity. The allied nations have created an agency for interoperability in the command information systems of the alliance, Allied Data Systems Interoperability Agency (ADSIA).

The Federal Armed Forces is actively participating in working out a universally mandatory standard. We are confident that such standards will be adopted within a foreseeable future. The Luftwaffe supports the development of an interface between EIFEL 1 and NATO's command information system in the Central Europe command area. A standardization agreement is in existence for this; additional ones will follow. The concept of a harmonious union of the command information systems for the NATO land, air and sea forces which helps the national and NATO commanders carry out their command responsibility comprehensively and efficiently, is therefore certainly no longer a utopia.

The Effects of the Information Technology

The continuation of the new information technologies in the Luftwaffe will certainly not take place entirely without difficulty. Besides the need for investment capital, the cost of personnel and the necessary training of management and user personnel play an important role. For example, in the next 8-10 years we will rearrange a large number of billets within the Luftwaffe by shifting duties and train the personnel to operate the computer centers of the EIFEL system. In addition to the Luftwaffe, NATO also needs personnel which has gone through intensive training in the new techniques.

The Federal Armed Forces have prepared early for this need by introducing the Information course of studies at the Armed Forces institutions of higher learning. Today the training of all military commanders must include at least basic knowledge of data processing.

This applies to the Luftwaffe Officers School as well, where from now on data processing will be in the foreground. Early on the young officers will learn to know and understand the interconnection and interaction of numerous computer-supported processes in the new weapons and command systems.

It is impossible to calculate that in addition to the long common building state control of technical equipment in the future configuration control of the extensive software will acquire increasing importance. The extent and the increasing significance of this set of problems therefore demand new considerations by the Luftwaffe, in order to be able to adapt the educational and career courses of the Luftwaffe personnel to the future demands.

The impact of the new command resources will extend all the way to general command doctrine. New command methods in the areas of organization, planning and operational planning, as well as in general staff work, must be taken into account.

Far-reaching influences on everyday troop life can be expected from this. It is necessary to master this in order to be able to utilize rationalization effects, without causing damage to the motivation of the individual soldier. He should continue to be able to feel obligated to a meaningful whole, in the shaping of which he participate without fear of the unknown that remains incomprehensible to him.

However, all of this does not mean that the Luftwaffe now faces a sudden technical revolution. Insofar as new steps are necessary, these are carefully planned and take place in an evolutionary manner, because otherwise we would soon overtax the personnel resources of the Luftwaffe, in addition to the financial limits.

What will assuredly be retained in the Luftwaffe despite the greater influence of the technical means on the command processes, is the decision-making role of the human in command. In spite of the unavoidable centralization of the overall planning, the principle of mission tactics, the delegation of command responsibility, will still apply to all implementing measures. Even the expansion of information technology in the Luftwaffe command system will in principle not change any of that. In the future as well, the intuition of the leader, his capability to motivate and his decision-making ability will be required. For it is not a matter of automating command, but of better informing the command forces.

The Importance of the Command Information Systems

In conclusion: The Luftwaffe does not regard the introduction of these command information systems as an end in itself. We need the new systems,

because all efforts to complete the present tasks with conventional command resources meet with limitations. Where human processing capacity and speed cannot be increased, where reliability and accuracy drop with a growing work load, improvements can be found only in a computer-supported command information system.

This system will, in combination with the command information systems of NATO and our allies, meet the demands for adequate information of the command on all levels and in all basic command areas. This will also enable well-timed commands to subordinate command areas and rapid briefing of subordinate and parallel command areas.

In our efforts to increase the effectiveness of the deterrent in the conventional area and thus to reduce the danger of a nuclear conflict, the command information systems will be able to make an important contribution.

The product of present defense forces and high command capability results in an increase in combat effectiveness. With that, the qualitative improvements in the command capability of our forces could have the effect of an emergency reserve, which can provide the political leadership with additional freedom of action.

11949
CSO: 3620/431

DEFENSE MINISTRY STRUCTURAL REFORMS AIM AT DEPOLITICIZATION

Lisbon EXPRESSO in Portuguese 25 Aug 84 p 2

[Article by Joao Carreira Bom]

[Text] The heads of the armed services have had their August routine broken by the delivery of a government text--derived from the Defense Law--that is sure to cause them some worries: it is the Mota Pinto ministry's Organic Law, worked out at a lingering pace by Secretary of State Figueiredo Lopes.

The name of the document makes it sound very bureaucratic (suggestions from the heads of the armed services will be received before it is approved by the Council of Ministers). But its provisions are not concerned only with changes of an internal nature that will have few repercussions outside. The object here is to establish a ministry--one practically devoid of structure so far--by taking prerogatives away from the heads of the armed services and concentrating them under the direct control of the government.

It will be said, however, that this is what is called for in the Defense Law approved in December 1982. But it is one thing to accept the idea of seeing the ministry establish an Inspectorate General of the Armed Forces, and it is another thing, and a much more difficult one, to establish that office and give it responsibility for overseeing the activities of all the general staffs. The same can be said in the case of armament and finance, not to mention prerogatives in political matters (specifically, international relations).

Since none of the current chiefs of the armed services protested against the Defense Law in 1982, it is also to be expected that none of them will create major problems now for a Mota Pinto wanting to report his achievements at the next meeting of the PSD [Social Democratic Party] Council. But that is a long way from saying that when the law is implemented, one or the other of the current heads of the armed services (or someone acting through them) is not going to take advantage of the consequences of what may be an ambitious concentration of powers.

Only Promotions Excepted

While not obviously as real as those that occurred under Salazar and Ramalho Eanes (1976-1981), the concentration of military power provided for in the Organic Law leaves the chiefs of staff free in only one area (and for some, the

most sensitive area), and that is the personnel departments, where promotions are processed. As for the rest, everything will pass through the web of directorates general attached to the minister and secretary of state.

In addition, since there were doubts as to Figueiredo Lopes' ceremonial precedence with respect to the heads of the armed services, the new law is specific: in the absence of the minister, the secretary of state replaces him completely in his duties. What this means is that the armed forces chief of staff, who since 25 April [1974] has come to be on a par with the prime minister, is now outranked by a secretary of state in a subordination of the military to the civil power that is described by government sources as similar to what exists in the NATO countries.

The only thing is that we can never forget that--with the exception of Turkey and Greece--Portugal is the only one of those countries in which the military have recently played a decisive political role.

The result is that constructing a bureaucratic web of coordination attached to the minister--and including both military and civilians--may create certain ambiguities, especially as regards the Office of Defense Policy [GPD], the Inspectorate General of the Armed Forces, the Directorate General of Economy and Finance, and the National Directorate of Armament (which already exists under Costa Alvares, a three-star general, but whose field of action is now going to be expanded).

Tentacular Arm

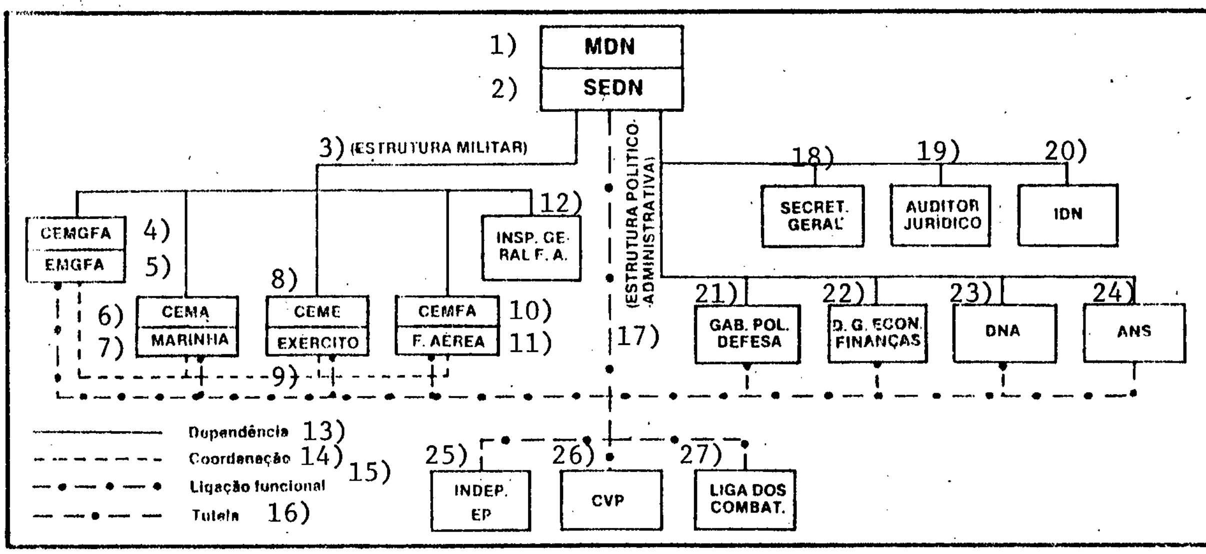
The GPD will be equivalent to a directorate general. It will consist of and be headed by military and/or civilians and will be in charge of everything related to military policy. It will result in a greater "depoliticization" of the military leadership, although this will happen primarily in the field of international relations.

The Inspectorate General of the Armed Forces is to be headed by a four-star general, as are the general staffs of the armed services. In principle, the heads of those services will have ceremonial precedence over the inspector, but that fact--in itself--will not prevent the touchiness of a new situation: while it is true that there have been field-grade inspectors in the army before, this time the Armed Forces as a whole will have to live with a tentacular arm of the minister. In other words, with someone who, even if he is as diplomatic as Firmino Miguel, will always be running the risk of leaving wounds.

The job of the Directorate General of Economy and Finance may also be a touchy one, because each branch of the Armed Forces has its own system, and if the minister wants to familiarize himself with the overall situation now, he must request information from the army, the navy, and the air force. Under the new structure, the minister will be the one exercising direct control over finance in all sectors.

The same must be said about the National Directorate of Armament, which is going to be given more decisionmaking power. It will deal with the reequipment and

New Armed Forces Structure



Key:

1. Ministry of National Defense
2. Secretary of state for national defense
3. Military structure
4. Armed Forces chief of staff
5. Armed Forces General Staff
6. Navy chief of staff
7. Navy
8. Army chief of staff
9. Army
10. Air force chief of staff
11. Air force
12. Inspectorate General of the Armed Forces
13. Subordination
14. Coordination
15. Functional link
16. Supervision
17. Politicoadministrative structure
18. General Secretariat
19. Judge Advocate General
20. National Defense Institute
21. Office of Defense Policy
22. Directorate General of Economy and Finance
23. National Directorate of Armament
24. National Security Authority
25. National Defense Industry (a state-owned enterprise)
26. Portuguese Red Cross
27. League of Fighters

infrastructures of the Armed Forces under conditions hinting at a transfer of powers which until now have belonged to the three armed services.

If the Organic Law is approved with no major changes, the ministry will lose its tradition as a place doing nothing more than supervising Red Cross ambulances and the League of Fighters. The web already includes the National Security Authority (Admiral Melo Cristina) and the state-owned enterprise INDEP (National Defense Industry), among others in the same sector. The minister will no longer be obliged by his lack of staff to delegate certain tasks to the heads of the armed services, who will find themselves restricted more to current management of their areas, the Higher Military Council (the advisory body to the minister of defense), and the Council of Chiefs of Staff.

What we have, then, is implementation of the Defense Law (tardy, perhaps) and confirmation of the return to the barracks. What remains is to learn the significance and cost of this and to discover whether the wounds opened up by the revision of the constitution have really healed or will end up becoming infected.

11798
CSO: 3542/126

INCREASE IN BALANCE OF PAYMENTS DEFICIT NOTED

Nicosia I SIMERINI in Greek 26 Aug 84 p 16

[Text] During the first six months of 1984 there was a deficit in the trade balance amounting to 247.3 million pounds, in comparison with 192.3 million during the corresponding period in 1983.

The above was one of the things reported in the monthly imports-exports report for June 1984 issued by the Department of Statistics and Research.

According to the report, the main features of our foreign trade in June 1984 were the following:

1. Imports totaled 52.6 million pounds, compared to 81.7 million in May 1984 and 53.9 million in June 1983. Exports amounted to 27.6 million pounds, versus 46.2 million in May and 23.6 million in June 1983.

2. During the first semester of 1984, imports for local consumption totaled 377.1 million pounds, in comparison with 280.5 million during the corresponding period in 1983. Imports of raw materials comprised 39.9 percent of the total and amounted to 148.1 million pounds, versus 43.1 percent, or 120.9 million, during the period January to June 1983. Transportation equipment totaled 83.8 million, or 22.2 percent, compared to 28.7 million, or 10.2 percent, during the first semester of 1983. Petroleum products amounted to 67.1 million, or 17.8 percent, versus 55.4 million, or 20.0 percent, during January to June 1983, while consumer goods totaled 50.5 million pounds, or 13.4 percent, in comparison with 48.0 million pounds, or 17.1 percent. Capital goods amounted to 27.3 million pounds, or 7.2 percent, versus 27.4 million pounds, or 9.8 percent, during January to June 1983.

3. Import sources for Cyprus during the January to June 1984 period were the EEC countries, 56.1 percent, Arab countries, 9.7 percent, eastern countries, 6.6. percent, and the countries in the European Free Trade Zone, 4.2 percent.

9247
CSO: 3521/359

KEY FACTORS DETERMINING SUCCESS OF ENTERPRISES ANALYZED

Duesseldorf WIRTSCHAFTSWOCHE in German 20 Jul 84 pp 56-58

[Article by Horst Albach, professor of management at Bonn University: "On Schumpeter's Track"]

[Text] According to a widely prevalent theory, the reason for the structural problems faced by our economy is that our business firms are not innovative enough. Horst Albach looks at some German firms which are successful. The present article is a shortened version of an address by Albach at the annual convention of professors of management held in June in Bonn.

The call for the Schumpeter-type businessman is a familiar part of the repertoire of today's economic and financial politicians. The fact that economic policy has rediscovered the dynamic entrepreneur--particularly the middle-class entrepreneur--is by no means suprising. After the economic policy which assigned responsibility to the state for overcoming economic crises with the help of fiscal measures had ended in failure and after the adherents of this policy who were accustomed to citing John Maynard Keynes had been discredited, Schumpeter's followers called for an improvement of the conditions under which dynamic entrepreneurs are able to come up with new solutions to problems, make them work in the market and thus overcome the crisis.

This call for the dynamic entrepreneur was by no means unfounded from an empirical point of view. While the large businesses were getting rid of personnel, many smaller ones were adding to the number of their employees. In other words, anyone wishing to tackle the unemployment problem and to bring it closer to a solution had better stop the personnel-cutting trend by big business and above all pin his hopes on job growth in medium-size business.

There are two conditions, according to Schumpeter, which result in the increased emergence of the dynamic entrepreneur. For one thing, Schumpeter believed that innovation takes place in waves. He related this particular phenomenon to economic recession. In a deep recession, he thought, the innovative idea wins out in the end against all resistance and succeeds. The success of such enterprises spawns a number of imitators. The innovations and the efforts of the imitators bring about a new economic upturn.

The second condition for growth in the number of dynamic entrepreneurs, according to Schumpeter, is the visible success achieved by a mere few of them. "Exceptional rewards which are far greater than would be required to elicit such exceptional performance are showered upon a small minority of lucky winners," Schumpeter wrote. "This, in turn, spurs the great majority of businessmen to much greater effort than would result from a more even and more "just" distribution."

Those who pay no heed to the second proviso will not benefit from the first one either. They will have to wait forever and a day for the flood of innovation to come. Conversely, anyone who improves on that second proviso does not have to be defeatist about the high social cost of a deep recession while waiting for the innovations which will lead the way out of the crisis. But that is the point where our economy is lagging. The obstacles placed in the way of the dynamic entrepreneur are too great and the profit incentives are too small to make an en masse emergence of such dynamic businessmen possible.

At least one of the two Schumpeter conditions has certainly been satisfied over the past few years. The economy was in the midst of a profound structural crisis. As for the dynamic entrepreneurs, we would expect them to be particularly successful during the course of such a crisis because they have an easier time of it getting their new ideas across.

The Schumpeter entrepreneurs are typical for starting up new businesses. They quite obviously have new ideas with which they would like to succeed on the market. An analysis of 200 new firms, founded over the past several years and subsidized by the government, shows that wanting to in and of itself is not enough. To have new ideas, does not mean having the market accept them. A considerable number of the new firms goes under within 2 years of their foundation.

But even for those firms which manage to weather the initial phase, making their original idea succeed remains the main problem. It is very hard to convince the market of the quality of one's product or service. One could even say that the disadvantages of the competitive situation—at least so the new firms maintain—which result from the fact that the firm is not known and its ability to perform is open to doubt tend, of anything, to grow during this first phase before gradually subsiding.

In other words, such an analysis of new businesses shows how right Schumpeter was in saying that only "a small percentage" of entrepreneurs are truly dynamic entrepreneurs in the sense that they not only have a new idea but can also make that idea work on the market. Thus, we cannot in all honesty speak of dynamic innovation being brought about by new business starts in the FRG.

Let us now turn to the innovation dynamics as we find them in already established business firms. We have an especially good chance of looking at the record of those firms which are required by law to make their annual balance sheets public which, generally speaking, provide more or less extensive information about their investment efforts. I am referring to the German industrial stock companies. Let us then call a firm especially successful, if it belonged to the upper 50 percent of all German industrial stock companies over the past 15 years based on six growth and achievement criteria.

These criteria are:

—growth rate of investment capital
—growth rate of capital stock
—market value/book value
—total capital profit
—capital stock profit
—turnover profit

As we can see (cf Table I) these are firms identified with perfection in production; with an obsessive approach to the maintenance of quality control; a high degree of customer orientation and very conservative financial practices rather than anything like an outstanding rate of product innovation. Utilities and breweries are heavily represented among the top stock companies in Germany. The most successful construction firms, on the other hand, are perhaps more innovative in locating new markets than in introducing new products or production processes. In the chemical industry, only Beiersdorf can really be termed particularly innovative. The three largest German chemical concerns did not make the list of the top-ranking stock companies at all.

It is worth noting that none of the three major mechanical engineering firms in Germany appear among the 30 top-rated stock companies. But the list does contain a number of highly-specialized, innovative, medium-sized machine and plant construction firms such as Berthold, Kuehnle, Kopp & Kausch, Kromschroeder, Aesculap and Gildemeister.

What this study seems to prove is that growth and profits over the past 15 years were not necessarily characteristic among those firms which were particularly innovative. In fact, the conclusion one is led to is that it was a remarkable combination of innovativeness and customer service which helped medium-sized companies in particular to achieve success.

The analytical data presented below are based on information supplied by 415 middle-sized companied having from 100 to 2,500 employees. The information was collected and analyzed with the help of questionnaires and interviews between 1978 and 1982. The study designates those firms as especially successful which realized above average (i.e. above 2 percent) profits each year and whose growth rate in the 4-5-year period under consideration was above the 8 percent average for all 5 years. Based on these criteria, a good four percent of all the companies belong to this top group. And that is a figure which corresponds to Schumpeter's hypothesis of the "low percentage" [of successful firms].

These companies were outstandingly successful during the crisis years between 1978 and 1982. While all other companies in Germany showed lower profits on the average, their annual profits after taxes rose by 17 percent each year. Their turnover grew two-and-one-half times as fast as that of all other companies. The growth rate of their investments was five times higher than that of all the firms investigated. At the same time, their earning power helped them achieve a capital resources growth rate of 13 percent as compared to four percent for all companies.

Are they part of some particularly innovative sector of industry ? The answer is no. Of course there are such sectors, e.g. the pharmaceutical industry, the electrical engineering industry as well as other industries where product innovation is not as directly related to company success. But as for the top companies in the middle-sized field, they are scattered through all sectors of the economy.

Are these the particularly research-intensive firms in all sectors of industry ? Once again, the answer is no. To be sure, the growth rate of research expenditures is quite high (at 12 percent) for these top companies and is in fact markedly higher than the average for all firms--and yet, the percentage of yield spent on research and development is below average practically each year.

Have these firms had particular success in their research programs ? Have they been able to capture new shares of the market with their new products ? The study shows that these top companies differ very little from the average of all firms in terms of their share of the market. In other words, these outstanding companies do not enjoy remarkable success on the basis of innovative, monopolistic product advances but on the basis of competition in the marketplace.

Why then are these companies so successful ? For one thing, their success is based on their ability to judge the market. These topflight companies believe that their sector of the economy will grow by 12 percent annually over the next 5 years while all other firms expect a growth rate of only six percent. Since the top companies are distributed evenly over all sectors of the economy, this assessment leads one to conclude that they have a different view of their sector from that of all the other companies combined. What it means is that they divide the market up in a particularly successful way.

For another thing, these select companies expect their turnover to grow at a rate 1.6 times as fast as that of their sector of the economy as a whole. That, in fact, is not higher than the projection of all the firms but it appears to be more realistic. In the past, all firms grew at the rate they expected their sector to grow over the upcoming few years. But the outstanding companies grew at a distinctly above average rate over the past 5 years. The growth rate, in fact, was as high as the rate the firms expect to hold up in the future.

Thirdly, these top companies spend more on marketing than all the other firms. The average for all firms' expenditures on marketing is about two percent of turnover; but the topflight, medium-sized industries spend just under three percent. This is a significant difference which is not simply attributable to the fact that these particular companies are small enterprises in the main which—as our study shows—tend to spend more on marketing on the average than the bigger competitors (the assumption being that they do so of necessity because the fixed marketing expenditures are allotted on the basis of smaller turnover).

The conclusion that can be drawn from these data that it is a particularly efficient mix of product innovation and marketing effort which makes for the success of the medium-sized top companies was put to the test in a large number of interviews with staff members of these highly effective firms. Here is what the interviews showed:

—All these companies carry out their own production development programs. These are designed for constant product improvement and the satisfaction of customer requests and special orders.

—Most firms do not raise the development of their own products to the level of business principle. This not only means that the medium-sized companies frequently turn to production under license. Some firms even call the imitation of new products by the competition a perfectly normal procedure to which they themselves resort. Some of the

firms are innovators in one particular field of production and concentrate their research expenditures on it and are imitators in other fields.

—Customer goodwill through service which relates product innovation to customer demand is a dominant factor in sales strategy. No evidence of product development for an anonymous market was found.

—All the companies place greater emphasis on quality and deliverability than on product development.

—The remarkable marketing efforts engaged in by the topflight companies turn price into a minor parameter in competition. None of the topflight companies felt that price plays a major role. In fact, all of the latter carry on a high-price policy, if anything.

Goodwill toward the customer calls for personnel—lots of it and of high quality. Under the circumstances, labor productivity is not very great in the top firms in spite of their high price policy. As a matter of fact, it is a good two percent below average. But capital resources per job are markedly greater on average than among the rest of the firms. This leads one to conclude that output of the workers engaged in actual production is high—most likely higher than the average of the entire sample. Marketing is one area where there are, relatively speaking, more employees than at the less successful firms. The capability of rapid delivery, attention to special requests by customers, maintenance of large stocks and efficient customer service call for a large sales organization. This is one way of perceiving and satisfying new customer demand faster than the competition.

The great success of the medium-sized top companies may be attributed to a specific type of innovation dynamics. It does not matter to these companies whether they are marketing new products of their own or more customer-oriented imitations of their competitors' products as long as they are able to spot customer demand quickly and to satisfy it. Spotting customer demand is the innovative side of these firms. The other side is no less important: quality guarantee based on intensive after sale attention, highly efficient service and a strong capability to deliver their product.

Schumpeter was thinking of the entrepreneur who hits the market with a new idea and succeeds. One could call this supply-side innovative dynamics. But today's medium-sized entrepreneur is more like a demand-side innovator. He is a businessman capable of spotting rapidly changing customer demand by paying close attention to the customer and at the same time flexible enough to satisfy such demand quickly with products of high quality.

Table I: Germany's Top-Ranking Corporations

(1) (2)

Unternehmen	Rang ²)	Rang ³)	Unternehmen	Rang ²)	Rang ³)
Thüringer Gas	1	1	Bayerische Elektrizitäts-Lieferungs-Gesellschaft	24	15
Einbecker Brauhaus	2	2	Flachglas	25	–
KWS Kleinwanzlebener Saatzucht	3	3	Rhenag	26	16
BMW	4	4	Daimler-Benz	27	17
H. Berthold	5	5	Nordwestdeutsche Kraftwerke	28	18
Kraftübertragungswerke Rheinfelden	6	6	Spinnerei und Weberei Pfersee	29	–
Hamburger Getreide-Lagerhaus	7	7	Lindener Gilde-Bräu	30	–
Lahmeyer	8	–	Kraftwerke Haag	31	19
Stuttgarter Hofbräu	9	8	Siemens	32	20
Contigas	10	–	Schering	38	21
Bilfinger + Berger	11	–	Aesculap	39	22
Beiersdorf	12	9	Überlandwerk Oberfranken	40	23
Kühnle, Kopp & Kausch	13	10	Bavaria – St. Pauli Brauerei	45	24
SEL	14	11	Kupferberg	52	28
Gildemeister	15	–	Erste Kulmbacher Aktien-Brauerei	65	26
Südwestdeutsche Salzwerke	16	12	Fränkisches Überlandwerk	70	27
Hochtief	17	–	Kromschröder	71	29
Süd-Chemie	18	13	Braun	98	25
Gelsenwasser	19	–	Die Blauen Quellen	131	30
Bewag	20	–			
Strabag	21	–			
Triumph-Adler	22	–			
Überlandwerk Unterfranken	23	14			

(3) ¹) Die Rangordnung ergibt sich daraus, daß für jedes Unternehmen die Kennzahlen für die sechs Wachstums- und Erfolgskriterien normiert und in einem Sechseck entsprechend der Radar-Chart-Technik abgetragen wurden. Die Fläche des resultierenden Sechsecks wurde als Rangordnungskriterium verwandt. ²) Unter allen 295 Industrieaktiengesellschaften (4)
(5) ³) Unter den 30 Unternehmen, die nach allen sechs Kriterien in den vergangenen 15 Jahren zu den obersten 50 Prozent der Industrieaktiengesellschaften gehört haben. Wirtschafts Woche

Key:

1. Name of corporation
2. Ranking
3. The ranking was established on the basis of a standardized rating procedure applied to the six growth and achievement criteria which was then translated into the hexagonal radar chart mode. The area of the resultant hexagon, in turn, was used as a criterion for ranking the corporations.
4. Standing among all 295 industrial corporations.
5. Standing among the 30 firms which have belonged to the top 50 percent of industrial corporations based on the six-criteria ranking system over the last 15 years.

Table II: Success Profiles

Percentage Ratings of Successful Medium-Sized Companies

	Kennzahl	(2) Erfolgreiche Unternehmen	(3) alle Unternehmen
(1)	Kennzahl	Erfolgreiche Unternehmen	alle Unternehmen
(4)	Wachstum der Belegschaft	4,5	−0,5
(5)	des Eigenkapitals	12,6	3,9
(6)	des Sachanlagevermögens	16,5	4,6
(7)	des Umsatzes	15,0	6,2
(8)	der Investitionen	25,5	4,8
(9)	des Jahresüberschusses	16,8	−2,0
(10)	nach Steuern der F + E-Aufwendungen	12,5	11,3
(11)	**Finanzierung und Investitionen**		
(12)	Eigenkapitalquote	34,8	31,6
(13)	Investitionen¹)	7,1	4,7
(14)	Nettoinvestitionen¹)	3,1	0,9
(15)	Cash-Flow¹)	9,4	5,5
(16)	Sachanlagevermögen je Beschäftigten 1982 (in 1000 Mark)	31,8	26,5
(17)	Anteil des Sachanlagevermögens, das jünger als 5 Jahre ist	44,1	38,5
(18)	Leistung und Erfolg Umsatz je Beschäftigten 1982 (in 1000 Mark)	134,2	137,3
(19)	Jahresüberschuß nach Steuern¹)	5,4	1,7
(20)	Forschungs- und Entwicklungsaufwand¹)	1,7	1,8
(21)	Marketingausgaben¹)	3,0	2,0
(22)	Marktanteil	25,3	27,0
(23)	**Personal**		
(24)	Nettozugang im oberen Management	17,6	−2,8
(25)	Nettozugang im mittleren Management	45,3	−2,8
(26)	¹) in Prozent vom Umsatz		Wirtschafts Woche

Key:

1. Indicator
2. Successful companies
3. All companies
4. Growth of staff
5. Of capital stock
6. Of tangible assets
7. Of turnover
8. Of investments
9. Of annual surplus
10. Of R & D budget after taxes
11. Financing and investments
12. Capital stock rate
13. Investments
14. Net investments
15. Cash flow
16. 1982 capital assets per employee (in DM 1,000)
17. Percentage of tangible assets less than 5 years old
18. Performance and success: 1982 per employee turnover (in DM 1,000)
19. Annual surplus after taxes
20. R & D budget
21. Marketing budget
22. Share of market
23. Personnel
24. Net growth, top management
25. Net growth, middle management
26. Percent of turnover

9478
CSO: 3620/427

ECONOMIC, TECHNOLOGICAL CHANGES DECIMATE MERCHANT FLEET

Duesseldorf WIRTSCHAFTSWOCHE in German 3 Aug 84 pp 28-38

[Text] International shipping is in the midst of one of its worst crises. Losses are being registered worldwide. There is no improvement in sight. The German fleet is shrinking to the point of insignificance.

The dream of the freedom of the seas still holds for Romantic stories in readers. In the meantime it has as little to do with reality as the songs celebrating the boys in blue on the quayside.

For all those who have to deal with shipping on a professional level, every breath of romanticism and adventure has been dispelled. Shipowners, who have always been credited with a touch of the pirate's mentality, have turned into dry calculators, faced with the losses registered by their ships worldwide. Lloyd's Register of Shipping reaches this conclusion: "World shipping has been affected by the most serious economic crisis of the past 50 years." Lloyd's does not see any gleam of light: "The scarcely calculable influences emanating from technical development, economic and political factors make it difficult to provide any prognoses about a recovery of this industry."

Numerous ships have been laid up, are chugging about in isolated bays or at anchor in the roads or are steaming slowly across the seas, hoping for some cargo or other. A classic example for what is happening in this market: the supertanker "Bonn" (almost 400,000 tons capacity), commissioned 8 years ago by the largest German shipping line Hapag-Lloyd for DM 190 million, brought no more than DM 17 million at its sale. Dimitri Kronitras, senior vice-president of the Citibank branch in Greece (the third largest shipping nation in the world), stated in the summer this year--with a bluntness unusual for a banker--that the shipowners would have to adjust to strengthening their financial base, because the financial institutions saw themselves compelled to raise their criteria for financing ships. Krontiras predicted: "A number of banks will withdraw from this business completely."

Financing ships has become much more risky, because many shipping companies are hardly able to recover their operating costs when faced with the surplus in tonnage--quite apart from the financing costs. According to information from Lloyd's, 1,163 ships are laid up worldwide, 80 million tdw, which is more

than one-quarter of the world fleet of 422.6 million gross register tons. Hans Jakob Kruse, spokesman for the board of Hapag-Lloyd AG, gives this picture of the situation: "The volume of world sea trade at this moment is not substantially above that of 1974. A fleet which has increased by about 50 percent over that time is competing for that volume of cargo."

The crisis has struck German maritime shipping squarely. The Public Service, Transportation and Communications Union calculates that in the last 10 years the number of jobs for German seamen has been reduced by one half to barely 23,000. The number of ships sailing under the German flag--excluding coastal shipping and fishing--dropped to 426 units, with a total of barely 5.7 million gross register tons, declining to the level of 1975. According to the president of the shipowners' association John Henry de la Trobe, "There is no end in sight to this development."

Typifying the decline is the path of the largest German shipping line Hapag-Lloyd AG. In 1960, 6,600 seamen were sailing under the blue and orange funnels, in the spring of 1984 23 ships were wearing the colors of the traditional shipping company, which carried only 1,270 seamen on its wages-sheets. The attempt to bring the shipping company in the house built by Albert Ballin on the Binnenalster in Hamburg, which has also been sold in the interim, into safe waters has cost more than DM 300 million thus far. Hapag-Lloyd is still in the red. Others, who lacked this economic background, like the DDG Hansa shipping company, had to lower their sails. The chambers of commerce of Bremen and Hamburg write unanimously to Minister of Transportation Werner Dollinger: "The situation of German merchant shipping is reaching a crisis point that gives great cause for concern."

The situation is reaching a crisis point not only in the FRG. De la Trobe says: "All countries paying high wages have to deal with similar problems. This applies to Scandanavia as much as to the other countries of northern Europe." In the United States a wave of concentration hitherto unknown has gripped the industry.

But this is not enough: The imbalance between supply and demand will not settle down, but, quite to the contrary, will intensify. New ships continue to be built. There are explanations for this absurd situation--but none that hold up to market-economic criteria. The principle of the free market economy has scarcely any validity in the realm of shipping, in fact it is on the way to throwing its last adherents in the shipping business out of the market completely.

Walter Behrmann, board spokesman for the Deutsche Schiffahrtsbank AG in Bremen, answers the question why with his unique gift of simplifying complicated processes: "Ships are often built, not because they are absolutely necessary , but because:

--the country wants to preserve or create jobs,
--the country needs hard currency
--there are tax incentives, and financing is made easier, at least for these reasons."

If this complex of problems is already familiar in the highly industrialized nations of Europe, mainly from the point of view of job preservation, it applies in even greater measure to many threshold countries of the Third World: after Japan was long regarded as the Mecca of world shipbuilding, Taiwan and Korea, Singapore and Brazil have built up gigantic yard capacities that are crying out for full employment. New ships are often less expensive than used ships, and since still relatively young tonnage is not disappearing from the market but is being continuing to be sold at lower and lower prices, relief for the market is not materializing.

Even worse: Ships that are becoming less and less expensive make it possible to calculate lower and lower profits and thus further confuse freight rates. German shipowners cannot even begin to think about recovering their financing costs at present. Even de la Trobe, who until 2 years ago was earning profits as head of the Hamburg_Sued group, which is part of the Oetker conglomerate, admits that he is working with a negative operating result and is making up the balance from his holdings.

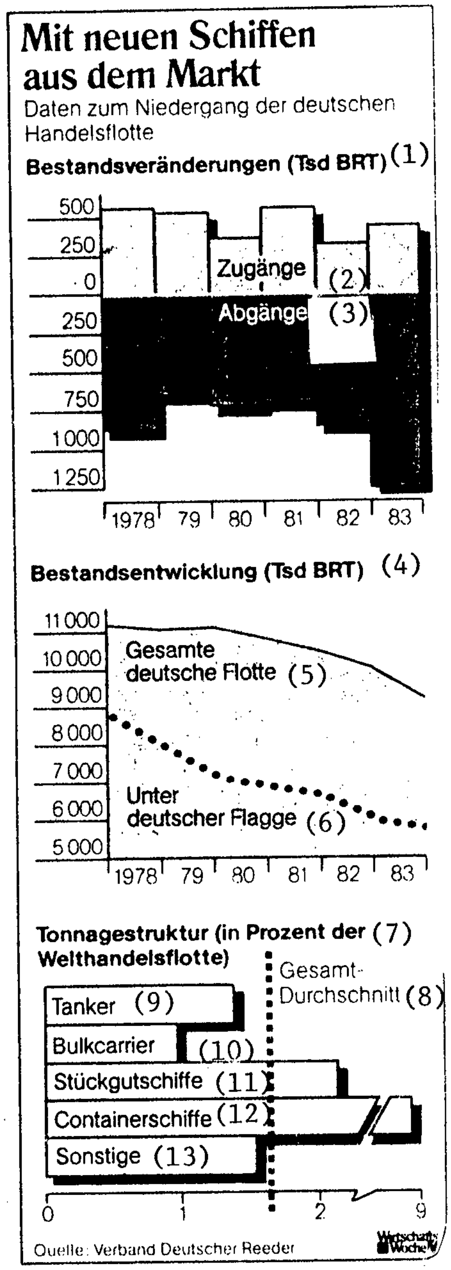
But the excess capacity of the shipyards in the threshold countries, state subsidies and low wages only partially explain the fateful development in world tonnage. The head of Hapag-Lloyd Kruse says: "Today it is one of the status symbols of the sovereignity of developing countries to operate their own mercantile fleet or shipping line, in addition to national airline companies--sometimes without any regard for need or profitability. Laws protecting the flag must then ensure that trade follows the flag, if need be by threatening fiscal sanctions."

To what extreme this can lead is shown by the example of Indonesia. In order to concentrate the available freight in their own ships, all the goods that are financed by the state, were decreed to be government cargo which had to be transported exclusively by their own fleet--80 percent of Indonesia's total foreign trade.

The Philipphines passed a similar flag law. According to information from Hapag-Lloyd's company planning, the People's Republic of China is diverting about 90 percent of line cargo to its own tonnage, in total disregard of a Sino-German shipping treaty agreeing to equal treatment.

These excesses should not blind one to the justified interest of Third World countries in wishing to participate in international maritime trade. For many nations it is not a matter of prestige--but simply the necessity of acquiring hard currency. Ten years ago they presented their ideas at a convention of the United Nations Conference on Trade and Development (Unctad), which propose the following distribution of cargo volume: the countries directly participating in the exchange of goods each receive 40 percent, while 20 percent goes to other flags. The countries not only want a fair share in direct trade with the industrial nations, but primarily they wish to ensure their participation in crosstrade, the exchange of goods between third countries.

Table 1. Leaving the Market with New Ships. Data on the Decline of the German Mercantile Fleet



Key:

1. Changes in inventory (in thousands of GRT)
2. Increases
3. Losses
4. Expansion of inventory (in thousands of GRT)
5. Total German fleet
6. Under German flag
7. Tonnage structure (in percent of the world's mercantile fleet)
8. Total average
9. Tankers
10. Bulk carriers
11. Mixed cargo
12. Container ships
13. Other

Excess Supply in All Areas

Tankers. In the opinion of the spokesman for the board of the Deutsche Schiffahrtsbank, Walter Behrmann, the surplus is "so enormous that it can only be solved by radical means: scrapping." Of the 291 million tdw, which indicates the capacity of ships, about 100 million tdw are idle, and there is almost no hope that the situation will change. In addition, 30 percent of all tankers are more than 15 years old. Behrmann says: "Assuming that only 25 to 30 million tdw finds its way into the smelting ovens, as has been the case, and that only a few newly built ships are added, reliable estimates are that the market will not achieve stability until between 1987 to 1989." The only demand worth mentioning is for special tankers.

Bulk Carriers. If, at the end of 1983, there was still a surplus tonnage of 30 to 40 million tdw in this sector of shipping, the largest after the tankers with 178 million tdw, the upsurge in the economy has largely balanced out supply and demand. However, a new crisis is approaching in this sector: in the past 7 months 270 new ships have been ordered, which are planned for dry bulk goods--one half of them by the Japanese shipping company Sanko Steamship.

Route Shipping. "For many years a bulwark of stability " (Behrmann), regular route shipping has been characterized by a rapid decline in rates in principal areas such as the Atlantic and the Pacific. Round the world services, with giant container ships from the United States Lines and the Taiwanese Evergreen shipping company will result in additional surplus capacity, linked with radical price wars.

As often as the connection is made between the Unctad codeand the problems of world shipping, the problem of flag protectionism in Third World countries should not be overworked. Waldemar Hoffmann, head of the department for maritime trade in the Ministry of Transportation, warns against generalizations: "Seventy five percent of maritime trade takes place between OECD countries, countries which affirm the principle of free competition and basically apply it in their mercantile trade markets. About 10 to 15 percent of the commerce in which German shipowners are involved is affected by third countries controlling the market. But like any statistic, such numbers have to be taken carefully: individual German shipowners are affected by this kind of intervention in the market up to a maximum of 50 percent of their cargo volume."

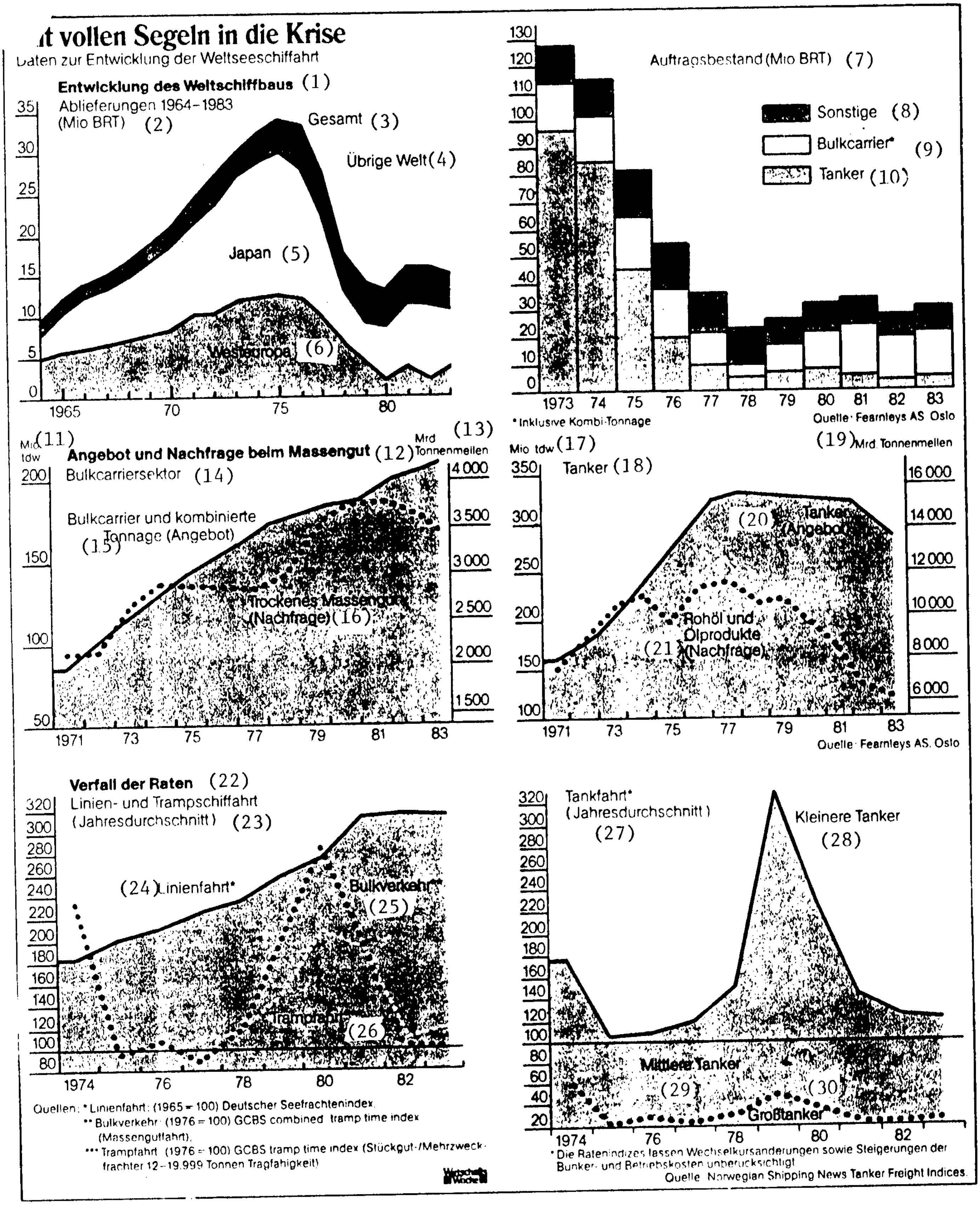
As serious as the effects of both factors, the excess capacity of the shipyards and the new fleets of Third World countries, are on the course of world tonnage--by themselves they would hardly have resulted in the chaotic state of affairs. The buildup in the capacity of the world's mercantile fleet was accompanied by a revolution in shipbuilding, which is comparable to the replacement of sailing windjammers by engine-powered ships in the last century. At that time, the previously unknown speed and the increasing size of the ships caused surplus capacities, which led to the establishment of the approximately 350 shipping line conferences that exist today, cartel-like mergers of shipping lines in specific route areas.

Today these conferences do not appear to be able to absorb the new thrust in capacity emanating from the container ships. It took a long time until the rationalization effects of the container ships was recognized on a broad basis. In 1968 there were no more than three full container ships, whose joint capacity hardly exceeded 1,000 TEU (the normal unit of size for a standard container 20 feet in length, the Twenty Foot Equivalent Unit). One year later, there were already 16 ships, with 50 more on order. Today more than 200 container ships are trading, about one half of which is larger than 2,000 TEU.

Hapag-Lloyd head Kruse, whose fleet itself now makes more than 80 percent of its turnover in container transport, outlines the explosive buildup of this capacity, which was carried along by a no less explosive growth in world trade in the 1960's and into the 1970's: "Container capacity worldwide doubled between 1977 and 1980. That will almost repeat itself again by the mid 1980's." But this growth in tonnage has been faced since the end of the 1970's by a largely stagnating international world trade.

The effects were not long in being felt. In Kruse's words: "At the moment there is a surplus capacity of about 25 percent."

This does not even take into consideration the orders placed for new construction from the planned Round the World Services of the Taiwanese shipping company Evergreen Line and from the American United States Line, headed by container ship pioneer Malcolm P. McLean. The United States Line alone will have 12 ships, each with a capacity of more than 4,000 TEU. "These are no longer taxis, but buses that have to be filled," comments the British economic periodical the ECONOMIST on the new third generation of container ships.



[Key on following page]

Table 2. Into the Crisis with All Sails Set. Data on the Development of World Shipping

Key:

1. Development of world shipping
2. Deliveries 1964-1983 (GRT in millions)
3. Total
4. Rest of the world
5. Japan
6. Western Europe
7. Orders (GRT in millions)
8. Other
9. Bulk carriers (including combined tonnage)
10. Tankers
11. Tdw in millions
12. Supply and demand in bulk goods
13. Ton millions in billions
14. Bulk carrier sector
15. Bulk carrier and combined tonnage (supply)
16. Dry bulk goods (supply)
17. Tdw in millions
18. Tankers
19. Ton miles in billions
20. Tankers (supply)
21. Crude oil and oil products (demand)
22. Decline in rates
23. Line and tramp shipping (annual average)
24. Line shipping[1]
25. Bulk traffic[2]
26. Tramp shipping[3]
27. Tanker shipping[4]
28. Smaller tankers
29. Medium-sized tankers
30. Supertankers

Following the closing of the Suez Canal, the first small ships had been replaced by larger ones, which in turn were replaced by ships with energy-conserving engines in the 1970's after the oil shock. In the meantime competition has arisen for the pure container ship in the form of technically more sophisticated roll-on roll off ships or socalled bark liners which--like a dock--can be flooded, take on floating cargo and can approach coasts without harbors.

Depending on individual temperament, the estimates about the expected surplus capacity come out differently. While banker Behrmann talks about 30 percent, shipowner Kluse is drawing an even darker picture: "Taking into consideration the orders already placed for new construction, the excess supply could reach 35 to 40 percent by 1985."

FOOTNOTES

1. Line shipping:(1965 = 100) German Maritime Freight Index

2. Bulk traffic: (1976 = 100) GCBS combined tramp time index (bulk cargo shipping)

3. Tramp shipping: (1976 = 100) GCBS tramp time index (mixed cargo/multipurpose freighters 12,999-19,999 tons capacity)

4. The rate indices ignore changes in currency rates and increases in bunkering and operating costs.

The buildup in capacity cannot be attributed solely to the increase in tonnage. Container ships are about eight times as productive as traditional mixed cargo freighters. Through Round the World Services, which will constantly circle the globe according to a timetable like rail traffic and call at only a few harbors, their productivity is to be increased even more.

Linked with the introduction of container traffic is a total reorientation of what a shipowner has to offer the shippers bringing the freight. Container services no longer extend just from port to port, but are now house-to-house transportation services.

Anyone wishing to work successfully in this area has to be able to offer a well functioning land-based service. In this regard the traditional shipping companies are often overburdened when new container ships, which are four times more expensive than traditional ships on the average, have to be financed--the necessary containers themselves and the land-based services are not even taken into consideration.

This has led today to a strong concentration in the container market: The 20 largest companies, among which Hapag-Lloyd ranks in second place following the American container pioneer Sea-Land Service Inc., control 40 percent of the container stacking places.

The process of concentration is continuing. Experts are already a share of 41.4 percent for the 20 shipping companies--attributable mainly to the new fleets of United States Lines and Evergreen, which will then lead the list of the largest container shipping companies. Added to this will be additional offerings from Taiwan. It is expected that the oil states will also make an appearance in this contested market.

The link between sea and land transportation no longer fits into the traditional plan of the line conferences that connect ports. The share of the sea freight in the transportation of a container from Austria to Chicago, for example, makes up only half of the total cost. The service on land is becoming an increasingly important factor for the cost calculations of the shipowners.

Added to this is the fact that both the harsh competition as well as the numerous new lines have substantially increased the competition of the shipowners who are not tied to cartel agreements. If 10 years ago these outsiders picked up only 5 to 10 percent of world tonnage, today they are handling between 30 and 40 percent, in some route areas even more than one half of all the transportation.

The effects of the Round the World Services are impossible to estimate. But even Behrmann, who is known for his careful formulations, uses drastic words in this case: "Problems could result for these services, for example, from the flow of cargo being disrupted by state intervention or even interrupted and the containers not being used optimally. The new system could then prove to be less flexible and much more susceptible to external disruptions than the existing individual forms of transportation. In any case, there will be a ruthless struggle between the established conference lines and the newcomers

to displace each other." The head of Hamburg-Sued de la Trobe sees new strains approaching for international shipping following a short-term improvement in 1984 resulting from the development of the economy: "The danger of a new low exists for the years 1985 to 1987."

Against this panorama, German shipping does not look atypical. Until the end of the 1970's, before the general collapse of the econmomy, the German fleet's tonnage had increased to almost 10 million GRT. But since then it has been going downhill. Now only 426 ships fly the German flag and,with 5.6 million GRT, they have just about half the tonnage of 1978. While the FRG handles 8 percent of the volume of world maritime trade, it has only 1.6 percent of world trade tonnage, falling back from 8th place (1972) to 14th place among the largest shipping nations.

But these figures do not tell the whole story: German shipowners as well, like many of their colleagues in the industrialized high-wage countries, have shifted to the so-called cheap flags--to countries where there are not such strict regulations enforced as in the FRG, particularly with respect to the crew. If these ships under German management are added to the domestic fleet, the entire German fleet comes to 733 ships, with a total of barely 9.2 million GRT.

If Bernd Kroeger, manager in chief of the Association of German Shipowners (VDR), sees an "entrepreneurial effort by German shipowners" behind these numbers, it becomes clear in the details. They are in illustrious company with ships under other flags: In Liberia, the flag of the supertankers, about 2,100 ships, with a total of almost 68 million GRT, 16 percent of the world's tonnage, are registered, in Panama 3,500 ships with 35 million GRT (8.2 percent) and in Singapore, with 7 million GRT, about 1.7 percent of the world's tonnage. About 20 percent of the total world fleet is listed in countries with so-called "open registers."

The shipowners' primary concern is to save on wages. Instead of employing semen who are paid according to a German standard of living and the appropriate tariffs, they hire on Filipinos or Africans as cheap crew members. The difference is especially drastic with buld freight. According to studies by the English company of H. P. Drew (Shipping Consultants) Ltd., the man hour cost on a German bulk carrier with a capacity of 25,000 tons is $128, while the seaman from Singapore only adds $48 to the bill. Kroeger comments: "If this alternative had not existed, there would hardly be any German maritime shipping worth talking about."

At the same time, the German shipowners set about modernizing their fleet and adapting it to the newest developments. While the German flag is far down on the lists of the shipping nations in the area of bulk cargo transportation, in tankers (15th place) and bulk carriers (22nd place), the FRG is already in 4th place in full container ships behind the United States, Japan and Great Britain, with 1.2 million GRT and an 8.6 percent share of the world fleet.

The German fleet is also younger than the average. Almost every third ship has been in service less than 5 years, while barely 17 percent of world ton-

nage falls into this age category. If one assumes that the optimal operating life of a ship is 15 years, more than 90 percent of German tonnage falls into this category, while almost one quarter of the world fleet is older.

However, this picture cannot hide the fact that German maritime shipping is in a serious crisis. In its latest business report, the Schiffahrtbank in Bremen comes to this conclusion: "For the FRG, whose national economic welfare is largely dependent on a functioning foreign trade, the decline from 2.7 percent to only 1.6 percent of the world trading fleet represents a serious development . . . . It demonstrates that increases in productivity resulting from the use of modern ships, shifts in location and the unburdening of the profit-and-loss statement by the stronger dollar are not sufficient to counterbalance the existing overall unfavorable conditions. The weakness in investments resulting from this is expressed in a reduced volume of new construction, from 475,000 to 363,000 GRT, which it was possible to finance only by resorting to tax-motivated participation by silent partners and part owners."

Currently no worthwhile subsidy program exists which could help the German shipowners to overcome the crisis. Naturally, these gentlemen, experienced on the oceans of the world, are also too genteel to beg openly for cash, in the manner of the farmers. They talk about balancing interests and reactions to flag protectionism. There has so-called assistance for new construction since 1965, the amount of which has been raised from the former DM 100 million to DM 250 million. The program originally provided for grants of 10 percent of the construction costs, with the obligation of having a ship sail under the German flag for at least 10 years, but in 1979 the grant was raised to 12.5 percent during the period of high interest rates and the prescribed period of belonging to one flag was reduced to 8 years.

In the opinion of experts, the program had already lost its meaning to a large extent at this time. Although it is not prescribed anywhere, and, according to EEC agreements, may also not be fixed, it is certainly no coincidence that the subsidized new construction is being deliverd almost exclusively by German shipyards. Since about the mid-1970's, this program of support has been basically only equalizing the competitive disadvantage of the German shipyards--so it can be regarded more as a subsidy for German shipyards than for German maritime shipping.

The practice of awarding contracts confirms this. The published figures on orders placed by shipowners, which show an oversubscription of the program to assist new construction by more than 100 percent, by no means indicate a particular willingness to invest--a majority of the orders are placed as a precaution. Once the aid program has been directed quite specifically at employing the new ships economically and any calculation of economy has to be shelved, coastal shipping, which is not as severely affected by competition, is the first to benefit. Quite 50 percent of the 90 new ships that were built with this aid are under 1,600 GRT. The remainder of the money goes to modern container ships and special tankers of medium size, from 10,000 to 15,000 GRT. Without doubt this program has promoted the modernization of the German fleet and equally its specialization in profitable market niches. But it is not enough to halt the decline of the German fleet.

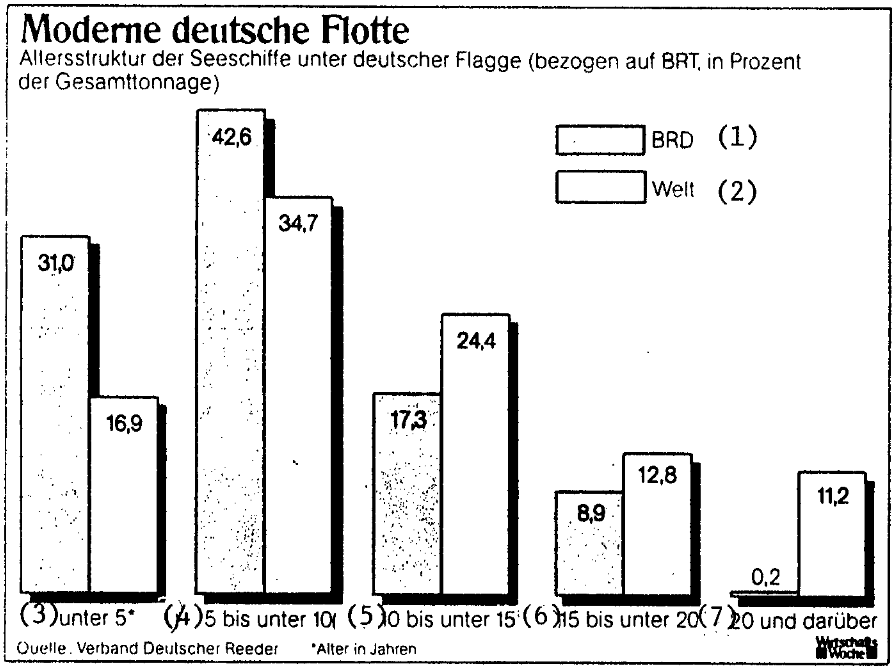


Table 3. The Modern German Fleet. The Age Structure of Seagoing Ships Under the German Flag (relative to GRT, as a Percentage of Total Tonnage)

Key:

1. FRG
2. World
3. Less than 5
4. 5 to less than 10
5. 10 to less than 15
6. 15 to less than 20
7. Over 20

As a result, a program was revived this year which already existed between 1979 and 1981: so-called financial allowances which help shipping companies to get through liquidity shortages and are given for 6 years interest free. Barely DM 114 million of the earlier amounts, set at DM 120 million, had been requested. But this raised the hope of simultaneously aiding new construction: already two thirds of the credit have been transformed into non-repayable investments. The new edition of this program has been endowed with DM 80 million.

Further government measures that have been added are more flexible legislation on manning ships and relief for business and property taxes, which are supposed at least to reduce competitive disadvantages with respect to foreign competitors. By year's end a comparative study is supposed to itemize the

different tax loads of seafaring nations and create a starting basis for additional measures. The Deutsche Schiffahrtsbank commented: "These measures make it clear that we have successfully sensitized those in positions of political responsibility to maritime questions and their importance to our country." What the bankers are trying to say with well-chosen words is: The first beginnings are recognizable. But the jackpot is not in sight yet.

9581
CSO: 3620/424

MUMCU SEES STRIKE ARBITRATION TIPPED AGAINST LABOR

Istanbul CUMHURIYET in Turkish 5 Sep 84 pp 1, 8

[Article by Ugur Mumcu in the column "Observation": "Collective Non-Agreement!"]

[Text] Worker-employer relations depend on labor and capital. In order to understand how "liberal" one's system is, it is necessary to look first at attitudes towards capital and labor. How liberal is capital? How much liberalism does labor get? This is the standard. It is not just rhetoric.

Are labor and laborers accorded as much freedom as capital and the owners of capital? If they have not been, or are not, equal, it is impossible to call this system "liberal." Isn't this a question of what we call "liberalism Turkish-style"? Yes, it is.

Can the laborer market his labor by the rules of "free competition"? No, he cannot. Why not? Because the state openly "intervenes" in labor-management relations to prevent it. "Free enterprise," that is to say sweet capital and the successful businessman, opposed by nature to "state intervention" of any kind, are quite, quite pleased by this sort of interventionism. So labor's opportunity for bargaining is completely eradicated. There is bargaining, but it is of the "for appearances' sake" variety, with the outcome known in advance!

Let us give an example:

If, under article 22 of the Law on Collective Agreement, Strikes and Lockouts, "agreement cannot be reached after 30 days of the initiation of collective bargaining," the sides appoint "negotiators" and report the names of these negotiators to the "competent authority." If the negotiators representing labor and management are unable to reach agreement, the competent authority appoints the "official negotiator" itself.

Official negotiators conduct their endeavors under the auspices of the Ministry of Labor and Social Security [as published]. The identity of the "official negotiators" is determined by the "Official Mediators Selection Board" formed in accordance with the "bylaws on recourse to arbitration and official negotiation." This board is chaired by the minister of labor and social security and is composed of eight members, three of them ministry representatives, one a university instructor selected by the Higher Education Council, two representatives of the private and public sectors and two labor representatives. The labor representatives on this board are in a "two to six" voting minority.

Among the negotiators chosen by this board are management lawyers and legal advisors from the Metal Products Industrialists Union, of which the distinguished prime minister was once chairman. Disagreement arises between the labor union and management and, if it cannot be resolved within 30 days, these management attorneys will resolve it. This, then, is how far our liberalism extends.

The "Prime Minister's Council for Coordination of Public Collective Labor Agreements" has adopted a "decision in principle," finding a "30-percent increase" suitable for collective contracts concluded at public workplaces. Now all public employers sit down to negotiate a "30-percent increase." The management proposal of the Cement Producers Union is very interesting:

--30 percent minus 3,000.

Proposals to date have always been a particular percentage increase plus 3,000-5,000. Now the plus has been changed to minus. If you don't like it, go to arbitration. And who is the arbitrator? ...Management attorneys!

Why go to the trouble to conduct collective bargaining? Shouldn't we just set an increase through administrative procedures such as a "tax rebate" and avoid anything to do with "labor" and "management"? It befits the liberalism, so why confuse the issue with one thing or another; let's just get it settled and be done with it!

8349
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TMO ALONE EXEMPT FROM CENTRAL BANK CREDIT FREEZE

Istanbul DUNYA in Turkish 5 Sep 84 pp 1, 7

[Text] Ankara (DUNYA) - The Central Bank put restrictions on its financing facilities as of June owing to the Treasury's short-term advance requirements and agricultural support purchases. The Soil Products Office [TMO] alone among the public enterprises remains able to make use of Central Bank resources. Use by other enterprises is frozen at their year-end levels.

Central Bank Credit Volume Up Just 1.4 Percent in 7 Months

The Central Bank's credit volume has expanded only 1.4 percent since the first of the year. The credit volume was 1,227.5 million liras on 30 December and rose to 1,245.6 million liras in the period up to approximately the first half of August. The Treasury received priority in the funds used for public spending in this expansion. The Treasury had closed out 1983 with an advance account of 338.6 billion liras and its drafts at the end of the first half of the year reached 440.7 billion liras and, as of 10 August 1984, 452.3 billion liras. According to the latest figures, 66.9 percent of the facilities provided to the public sector by the Central Bank went to current expenditures. Central Bank financing for public entities stood at 675.3 billion liras in the first 10 days of August.

It was noted that Central Bank credit resources related to the banking system had been shrinking since the first of the year. In fact, use by deposit banks, which was 499.6 billion liras on 30 December 1983, dropped to 484.1 billion liras in the first 6 months. It was down to 448.5 billion liras at the end of July. However, a rise to 451.1 billion liras was observed towards the first half of August.

Resources to Private Banks

The Central Bank, while directing resource use including rediscount to the top seven private commercial banks, froze use by public banks at an average 135 billion liras. This amount represents the level of use at which public-sector banks stood on 30 December 1983.

Funds for agricultural cooperatives, which held a volume of 60.7 billion liras in the first half of the year, were down to 17.7 billion liras at the end of July. In August, they rose again to 41.3 billion, mainly because of the cereal grains and hazelnut purchase campaigns. Likewise, facilities provided from the support category rose to 12 billion liras, the approximate year-end value.

Anti-Financing Policy

The impact on Central Bank practices of the government policy of eliminating SEE [State Economic Enterprises] financing with public funds is clear. As a result of the meticulous "anti-financing" policy pursued since the first of the year, use was kept at 48.5 billion liras by the Monopolies General Directorate, 9.2 billion liras by Sumer Bank, 29.2 billion by the Turkish Sugar Factories Corporation, 21.9 billion liras by the Meat and Fish Association, 12.9 billion liras by the Tea Association, 1.4 billion liras by the Dairy Industry Association, 10.8 billion liras by the Turkish Coal Works, 2.3 billion liras by the Turkish Iron-Steel Works, 13.1 billion liras by the Turkish Electric Power Enterprise and 4.7 billion by Eti Bank.

TMO Only Funded SEE

In contrast, the Soil Products Office is the only public enterprise able to obtain funds from the Central Bank, though at a lower figure than at year-end. While the TMO was allowed 40.9 billion liras in funding in the first 6 months of the year, this figure had risen to 56.5 billion at the end of July and 59.4 billion liras on 10 August.

Shrinkage in Central Bank Financing
(millions of Turkish liras)

Use	30 December 1983	29 June 1984	10 August 1984
Total Credits	1,227.5	1,268.8	1,245.6
Treasury Drafts	338.6	440.7	452.3
SEE's	250.5	204.5	223.0
Banking System	499.6	484.1	451.1
Top Seven Banks	257.7	265.8	240.5

8349
CSO: 3554/312

GOVERNMENT TO REVIEW MASSIVE 'SEE' STATUS REPORT

Istanbul CUMHURIYET in Turkish 5 Sep 84 p 12

[Article by Betul Uncular: "Deputies Have Month to Study 1,000-Page SEE Report"]

[Text] Ankara - The 1982 accounts and operations of the SEE's [State Economic Enterprises], in which Prime Minister Turgut Ozal had requested worker input, are coming to the Assembly. The reports of the 175 enterprises subject to examination consisting of more than 1,000 pages prepared by the SEE Commission have begun to be distributed to national deputies. Members of the Assembly will have 30 days to examine these reports which they are allowed by law to criticize. The law allows objections to the reports to be raised by the government, political party groups in the TGNA [Turkish Grand National Assembly] or 10 members. A joint committee is to be formed to prepare, within 30 days, objections to the reports, after which they will be debated in full Assembly. Legal proceedings will be instituted against the administrators of the time of the SEE's that meet disapproval. Of the 175 establishments whose accounts and operations were studied by the SEE Commission, the Soil Products Office, the Ziraat Bank and the Turkish Iron-Steel Works were not cleared.

The recommendations section of the report calls for holding responsible the instigators of irregular procedures at the Anadolu Bank, while it suggests investigation of certain Ziraat Bank procedures by Ministry inspectors and certified bank accountants. Meanwhile, almost all of the recommendations call for conclusion of collective labor contracts by a central legal organization on behalf of the State Economic Enterprises and Public Service Corporations and the establishment of a severance pay fund.

According to the 1982 SEE oversight report prepared by the SEE Commission, 123 of the 175 establishments were passed and 52 require review. Three were not passed. Two were passed conditionally. Three are required to prepare interim reports and four are recommended for audit by certified accountants. One is recommended for audit by the subcommittee.

Enterprises

According to the oversight report, the enterprises whose 1982 accounts and procedures were passed or passed conditionally and the recommendations for them are:

--State Equipment Office: Profits: 2,036,935,473 liras (passed). Recommendations: Formation of a central legal organization to conclude standard collective agreements for the SEE's; completion of arrangements necessary for a severance pay fund; designation of the Ministry of Finance and Customs (as the ministry concerned with the prevention and follow-up of smuggling) as final authority on sale by the Office of vehicles abandoned or considered abandoned at customs and of the Ministry of the Interior on oversight of traffic citations.

--Anadolu Bank: Profits: 1,310,465,189 liras (subject to general review). Recommendations: Selection of experienced firms in the opening of export credits; requirement of adequate guarantees for these credits, bearing in mind that the risks reverting to bank resources increase with the penalties imposed if exports are not completed; investigation of 1981 credit procedures study and calling to account those responsible for risk-entailing irregular procedures; study and investigation of the rescue of the Basak Group and calling to account those responsible for irregular procedures; study by the Finance Ministry of the credits allowed to the ANSAR [expansion unknown] firm and investigation if necessary.

--Tutum Bank (in liquidation): Losses: 276,092 liras (subject to general review). Recommendations: Conclusion of liquidation as soon as possible.

--Gunes Press (in liquidation): Profits: 27,222,322 liras (subject to general review). Recommendations: Completion of liquidation procedures as soon as possible.

Export Meat Instead of Livestock

--Meat and Fish Association: Losses: 1,598,480,301 liras (passed). Recommendations: Collection of accounts receivable as soon as possible; institution of an initiative for the organization of the Fish Association as a state economic enterprise or subsidiary partnership; prevention of slaughter of unweaned calves and lambs; exportation of meat rather than livestock.

--Bursa Cold Storage Company, Ltd: Profits: 13,938,046 liras (subject to general review).

--Ziraat Bank: Profits: 11,905,966,962 liras (not passed). Recommendations: Audit by inspectors of the Prime Ministry Under Secretariat for the Treasury and Foreign Trade and certified bank accountants of those who caused credits to be opened for the Transturk Holding Company in connection with the firms to which credit continued to be given even though it was known by the bank that its financial status was troubled; opening investigation of those involved in the credit allowed to DOKUSAN [expansion unknown]; audit by the ministry of those who gave credit to Turkmen Kadife; audit by ministry inspectors and certified bank accountants of the credits opened for the Kartal Company of Van, the Marmara Feed Lot in Buyukcekmece and Necati Atar of Nigde-Aksaray; review by certified accountants of the incomplete investigation of the Bahattin Goren firm and its failure to go into the firm's steadily increasing credit; review by certified accountants of the investigation into funds owed the bank by the Muduroglu firm.

--Soil Products Office: Losses: 1,029,216,618 liras (not passed). Recommendations: Concentration on timely collection of compensation for goods sold; implementation without delay of the vertical silos project; review by Agriculture and Finance Ministry inspectors of irregularities exposed in the sale of chickpeas to the Dotas Marketing Company; review by the said ministry inspectors of irregularities exposed in sales of lentils to Nisanoglu Pamuk Company and the Piras Company; review by inspectors of corn sales to Niskoz Holding.

--Turkish Halk Bank: Profits: 2,878,951,812 liras (subject to general review).

--Home Products Industry and Trade Corporation: Losses: 14,105,391 liras (subject to general review).

--Tea Association: Profits: 10,235,158,569 liras.

Prime Ministry Debt to PTT

--PTT [Post, Telegraph and Telephone Administration]: Profits: 18,039,235,983 liras (passed). Recommendations: Payment as soon as possible of the outstanding sum on the PTT building purchased by the Prime Ministry; authorization of PTT as an insurance agency; centralization of radio-link lines.

--Denizcilik Bank: Profits: 5,744,609,089 liras (subject to general review). Recommendations: Opening of investigation by the general directorate of branch supervisors who exceeded credit limits.

--Turkish Airlines: Losses: 1,925,725,000 liras (subject to general review).

--Turkish Dairy Industry Association: Losses: 97,429,089 liras (passed). Recommendations: Have ministry direct review of losses suffered by the association in the purchase of wrong-weight empty yogurt cartons.

--Sumer Bank: Losses: 3,199,451,835 liras (subject to general review).

--Turkish Iron and Steel Works: Losses: 17,462,714,161 liras (not passed). Recommendations: Ministry review of matters involving the Transturk, Celbas and Germentas firms; completion as soon as possible of audits and investigation of failure to take adequate, timely legal measures concerning the Transmetal firm.

--Turkish Cement Industry: Losses: 547,497,768 liras (subject to general review).

--Turkish Sugar Factories: Profits: 3,251,127,006 liras (subject to general review).

Prevention of Air Pollution

--Turkish Coal Works: Profits: 1,073,003,336 liras (passed). Recommendations: Serious attention to efforts to prevent air pollution.

--Petroleum Office: Profits: 4,295,006,241 (passed). Recommendations: Immediate halt to the practice of selling oil to Office distributors on 5-7 days' unsecured credit and interest-free.

--TPAO [Turkish Petroleum Corporation]: Profits: 42,293,100,530 liras (subject to general review). Recommendations: More effective performance by TPAO of its function in the petroleum sector.

8349
CSO: 3554/313

GROWING ENERGY DEPENDENCE ON USSR NOTED

Athens I KATHIMERINI in Greek 9-10 Sep 84 p 4

[Article by Kostis Stamboulis]

[Text] Even if in the hypertechnological era in which we live today the dependence and interdependence of nations on imported raw materials, manufactured goods and services is quite usual and commonly accepted (because how else could we survive as a progressive society) this dependence in the energy sector may some day prove to be fatal. And we saw this in 1973 and 1979, when oil was used by Arab countries as a weapon far more efficient than the atom bomb.

Very rightly so, the present government but also previous ones set as the aim of their energy policy the increased participation of domestic energy resources in the nation's energy balance, the development of domestic technology and the expansion of the means to produce energy.

In this way and attempt is being made to decrease oil imports but also of other forms of energy. It is worth noting that total imports for 1983 covered 63% of the nation's entire energy requirements, an improvement in comparison to 1980 when oil imports covered almost 70% of the total needs. In spite of all this, however, oil imports continue to be too high in comparison to other EEC nations while the development of domestic sources such as lignite, hydroelectricity and other replenishable ones is progressing very slowly.

For reasons of security but also because of financial considerations, the imported oil comes from various sources, including the production of Greece from the Prinos well in the northern Aegean.

As is known, one of Greece's main suppliers in oil is the Soviet Union, in a cooperation that goes back quite a few years. In the last 2 years, however, imports of heavy oil from Russia have considerably increased to the point where at present our country imports an annual average of 1.8 million tons, which correspond to 22.5% of our total oil imports, that is the highest relative ratio in comparison to other sources of supply. In 1983 and 1984 large imports of coal were also made for the first time from the Soviet Union which were used by the DEI [Public Power Corporation] in its mixed combustion program at the Ptolemais lignite power plants. The amount imported totalled approximately 400,000 tons and represented 75% of the total public imports of coal (up to May of 1974[sic]) that is, since they began in 1983. Also in the total imports of ready electrical current made by the DEI from other countries, chiefly from countries of the East,

the Soviet Union supplied us with a high percentage, around 40%, totalling 700 gigawatts per hour in 1984. In fact a study in depth was recently initiated with Soviet experts for the import of sizable quantities of natural gas from the well known huge reserves in Siberia but only after the necessary pipeline is built.

According to fully verified information this pipeline will be able to convey quantities up to 3 billion cubic meters of natural gas annually, although it is estimated that initially much smaller quantities will be needed, of the order of 2 billion cubic meters annually. The Greco-Soviet study on the advisability of conveying natural gas to Greece began almost 1 year ago and results are expected to be published soon. According to data from an independent initial study conducted by an English firm specialized in this field, the size of the pipeline is estimated at 670 kilometers from Sofia to Athens and its diameter will be 24 inches. The pipeline which will cross Rumania and Bulgaria will be able to function with 3 pumping stations, 1 in Domokos, 1 in Thessaloniki and 1 in Sofia. The total cost of the pipeline, in 1983 prices, is estimated at $550 million but if we also take into account interest rate payments for a period of 15 years, the total cost could reach $972 million.

The Public Petroleum Enterprise, however, which is in charge of the whole matter on the Greek side, has very rightly gone on to a more general estimate of our nation's long term requirements in natural gas, taking into account probable consumption in the home and industry sectors. The purchase of natural gas from the Soviet Union is one of 3 possible alternatives under consideration at present. A study is also being made on the feasibility of producing and exploiting independently or even simultaneously lignite gas. According to the DEI experts who are exploring the question, the most fundamental obstacle to the use of natural gas is the total lack of a distribution network, except of course for the very limited network of the DEFA [Athens Public Gas Corporation] in Athens which is fortunately being renovated now. Therefore, apart from the investment needed for the construction of the pipeline or pipelines, large sums of at least $1 billion will be needed for the construction of the distribution network. In spite of this, however, DEI experts stress that because of the low cost of natural gas in comparison to that of oil, it might be financially advantageous for our country to have such a network. It is enough to note that Greece is the only nation in Europe which does not have a nationwide gas network. Another significant advantage of natural gas is that, because of its almost total combustion at the final stage of its use, it does not pollute the environment with burned gases, a very positive and essential factor in evaluating the whole question, particularly for the Athens and Thessaloniki regions.

Reliable economic circles note that the cooperation with the Soviets in the field of natural gas can undoubtedly prove to be very fruitful for our country, to the extent that disadvantages from an eventual strategic standpoint could be outweighed by the clearly bigger economic advantages. But the same circles also emphasize that in order to achieve this the Greek side will have to handle the matter very delicately and closely cooperate behind the scenes with other EEC nations which are already connected to the Russian natural gas wells. In the best of cases, the exploitation in Greece of Soviet natural gas or gas from other sources would enable this form of energy to cover 13% of the nation's total energy needs. A percentage which is neither low nor high and which does not tie Greece down to a permanent and irreversible dependence.

Nuclear Plants

Another sector in which various specialized Soviet companies have expressed interest is cooperation with Greece for the study and installation of nuclear plants to produce electricity. Although discussions of this nature were restricted to specialized Soviet scientific institutes, to Russian and Finnish nuclear reactor construction companies and to the Soviet ministry of foreign trade, the possibility of a Greek-Soviet cooperation in this field is emerging. Because this interest of the Soviets in a cooperation with Greece in the nuclear field has not been discussed yet at an official level the minister of energy and natural resources, Mr. Kouloumbis, denied the prospect of a reactor installation of Soviet origin when the information appeared for the first time in the Financial Times (8 August 1984).

In spite of this however, such cooperation is not particularly unlikely, especially at a time when the DEI, as can be inferred from experts' evaluations, is beginning to worry seriously about an efficient and long term way of solving the now serious shortage with which it is faced and which for 1983 only forced it to import about 8% of its requirements, that is 1,800 GWh in the form of costly ready electric current. Particularly now that Turkey has almost decided to install nuclear power units on the Aegean shores, it is very natural for the DEI to advance strong arguments in favor of promoting the nuclear sector.

Closer Relations

All the above factors but also the recent signing of a definite agreement for the construction of the aluminum factory which will be designed and built in close cooperation and joint financing with the Soviet Union (which will, moreover, purchase 75% of the factory's production) show that we are heading swiftly for a big and unprecedented strengthening of commercial and technical relations, focusing mainly on the energy sector with the Soviet Union a nation which to all outward appearances at least belongs to the other camp. Furthermore, this is illustrated by the data below, showing the increase of our commercial exchanges, in millions of rubles, during the past 3 years:

- Total imports from the Soviet Union in 1981: 501.3; 1982: 532.7; 1983: 533.5.

- Greek exports to the Soviet Union in 1981: 99.1; 1982: 122.4; 1983: 154.5.

The immediate question that arises, of course, is how far is it to our advantage as a nation which historically belongs to the West and is a member of NATO and of the EEC to expand eeconomic relations further with the other super power whereby slowly but surely our nation will become dependent on its exchanges and on raw materials from the Soviet Union far more than the Soviet Union will be dependent on Greece. High officials of the state note that the financial terms offered by the Soviet Union are clearly more favorable in comparison with other nations, even Arab countries, since for imports particularly in the costly sector of energy they do not demand valuable foreign currency but on the contrary promote the export of our products especially agricultural ones.

It is also worth noting that this policy of closer economic and technical ties was initiated under Karamanlis' premiership.

Diplomatic circles point out that the Karamanlis-Papandreou opening toward the nations of the East and chiefly the Soviet Union, the practical results of which are now becoming evident, is not unrelated to the issues of Cyprus and Turkish provocations in the Aegean and to the inability of NATO and the U.S.A. in particular to offer effective help and support on the internationally legal claims of Greece. The same circles also emphasize that after the oil crises of 1973 and 1979 the geopolitical rules of the international political game have changed in favor of Europe. A striking example is the lifting of the "embargo" which the Reagan government attempted in 1982 on the export of technological material and know-how to the Soviet Union for the exploitation and conveyance of its huge natural gas reserves. As is known, this and other measures of the Reagan government were fruitless with the result that today West Germany, France and other European nations enjoy relatively cheap imports of Soviet natural gas. Consequently, the same diplomatic circles muse, the position of Greece is clearly reinforced chiefly because of its membership in the EEC and also because of its geographic location. The above circles underline the fact that the government could achieve excellent negotiating positions because of the unique geopolitical conditions which prevail at this time.

Political Aims

International political commentators note that the more general interest the Soviet Union has in a gratifying cooperation with Greece is chiefly related to the long term aims of the Soviet Union foreign policy rather than to the more immediate material benefits for both nations. Through this prism, the same commentators say, the new and future commercial agreements of the Soviet Union with Greece are part of a larger diplomatic effort on the part of the Soviet Union, which began under Brezhnev and which is still going on, spreading geographically from the Western Mediterranean to the Middle East and India.

With relations between East and West already rather tense and with the disruption of serious diplomatic relations between the superpowers, the Soviet Union has strongly intensified its efforts in the diplomatic field in order to win new friends amonth the nations along its southern borders.

Greece, although it is a small nation, because of its strategic position (which we must not overstimate, however, in comparison with Turkey) and its international influence (particularly in the fields of science and shipping) can benefit from a more generalized relationship with the Soviet Union as reliable diplomatic circles remark. If today's but also tomorrow's government handles the matter properly, benefits will not be limited only to the immediate positive economic influx, as in the case of the energy sector at least, but also to concessions and aid on a wider scale from other nations which have common interest in this sensitive geographic area.

12278
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GOVERNMENT REPORTEDLY OVERPAYS FOR OIL PURCHASES

Athens ENA in Greek 30 Aug 84 pp 28-30

[Article by Theodoros Kassimis: "Something...Stinks in Oil Purchases"]

[Text] If a private enterprise imports raw materials for prices higher than those competent authorities believe it might have obtained it is prosecuted for illegally exporting foreign currency (as was the case with AGET Iraklis). But when Public Administration orders oil, paying hundreds of thousands of dollars, for prices significantly higher than those offered to it that is called... implementing a policy. Regardless whether such a policy costs the Greek people a few billion drachmas without anyone being able to justify the presumed advantages that will ensue.

It is worth noting that every 10 cents extra that we pay for each barrel (1 ton consists of 7.2 barrels) cost the nation $6.5 million for the total quantity of supplies ordered by the administration to cover our needs. With today's equivalences to the dollar, this sum represents 760 million drachmas for which the Greek citizen has to pay, of course.

For a nation such as ours whose energy needs depend to a great extent on the import of heavy oil and whose available foreign exchange is perennially "in the red," the tactics and policies followed to secure supplies of the "black gold" have significant repercussions on the national economy.

After the second energy crisis toward the end of the '70s the international oil market was a "sellers' market." But the tactics followed by both the consuming as well as the producing nations soon reversed the situation. Thus we have today for oil a "buyers' market," where producers frantically look for a client and buyers comfortably set down their conditions. Under such circumstances, Greece prefers to make agreements between nations, at the official OPEC prices which have ceased long ago to be considered "basic." On the contrary, they constitute a "ceiling" in trading and, as is said on the market of this commodity, "whoever climbs to the ceiling is mad, since he can have his fill of oil by climbing at most on a small stool."

A few weeks ago the minister of energy and natural resources, Ev. Kouloumbis, returned from Iran and announced that a deal had been closed for the purchase of 1 million tons of oil in exchange for equivalent Greek products to be exported to that country.

But let us examine the clauses of the agreement:

. We will order 1 million tons of heavy oil with the option to increase that quantity up to 1.5 million tons.

. Half the quantity will be "Iranian light" at a cost of $28 and the remainder "Iranian heavy" at a cost of $27.10 per barrel, always to be delivered at an Iranian port.

.Loading will take place at the port of La Van [Larah?] which, according to the representative of the state, is at the mouth of the strait of Hormuz and quite safe

. Payment of the value of the oil, which reaches $200 million (24 billion drachmas), will be effected entirely with exports of Greek products.

.Finally, Ev. Kouloumbis declared that our exports to Iran could be as high as $800 million.

Oil market experts commented that we did not buy oil from Iran but that Iran sold us oil. The following points in particular are noted:

On 5 June 1983, following official government announcements, the press published the information that:"A mammoth agreement was signed in Iran by the alternative minister of the national economy Yannis Pottakis. We will buy 1 million tons of oil and 3/4 of its value will be covered with exports of Greek products."

A year has gone by since then and not a single barrel of Iranian oil has reached our country but neither was 1 kilo of olives exported to Iran on the basis of that agreement. The reason: the continuing Iran-Irak war and the situation which prevails in Iran. So why should we believe that the "Kouloumbis agreement" has better chances to materialize than the "Pottakis agreement?"

The prices at which we closed the oil deal are outrageously high since no one buys today at the official price. At this point "Iranian light" sells on the international oil market for $27.50 and "Iranian heavy" for $26.50 while it is not considered hard for such a sizable purchase to obtain lower prices by 10 to 20 cents (Ev. Kouloumbis' view that the oil we will buy is at least $1 cheaper than Saudi Arabian oil is, to say the least, misleading. Because it is a different quality of oil which is cheaper of course. And not because the Greek government conducted negotiations well but because the OPEC fixed its price $1 lower).

The La Van port from which Iranian oil will be loaded under our responsibility is not where the minister of energy places it but very close to the war zone (this is not a matter of commercial evaluation but...a simple question of geography).

The fact that the Greek government undertakes transportation and insurance expenses will raise the cost of each barrel by $0.80 to $1 because insurance costs around 50 cents due to the risks in the area and freights are higher by several cents for the same reason. Thus, aside from the disadvantageous FOB price, we also have high freight and insurance with the result that it is estimated that

the consignment of 1 million tons is burdened by approximately $1 per barrel, that is over $7 million (800 million drachmas).

The agreement to pay with Greek products is totally vague since there is no reference to either prices or quantities.

At this point a doubl danger emerges. That on the one hand we will buy the oil and that on the other hand Iran will not buy our products. And this is possible because the exchange will be an "accounting" one; that is we will debited for the cost of the oil and credited for the value of the products we will export. It is not a "clearing." Thus, if Iran under various pretexts, ends up not buying our products we will find ourselves owing $200 million for a consignment of oil we purchased at an outrageously disadvantageous price. At the same time, Iran being aware that the only way for us not to pay with free foreign currency is to make exports will pressure us to obtain the lowest possible prices. Thus, despite the fact that because of the international situation we were in a favorable position as buyers, before the agreement, we are now in a worse position because we will soon emerge as being in debt to Iran.

What is really going on in the sector of oil supplies? Who controls those who are in charge of purchases of over $2 billion a year, that is over 250 billion drachmas of the Greek people? Is that why the government is seeking permission from the EEC to keep the oil market "closed" for a while in Greece? And why does it want that? To protect the Greek people's interests or to cover up for the lack of organization, or who knows what motives, of the officials in charge?

12278
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DEI TO REJECT 'FOREIGN INTERESTS' FROM OPERATIONS FIELD

Athens ELEVTHEROTYPIA in Greek 6 Sep 84 pp 18-19

/Text/ The hellenization of the projects in the energy sector which until now was an exclusive privilege of foreigners, is the main objective of the Public Power Corporation /DEI/ administration and of the government policy for the independent development of the country.

The DEI-PYRKAL /ammunition and mortar cases' manufacturing company/ agreement, which was severely criticized by the middle men and those protecting foreign interests in our country--and other DEI initiatives, is planning construction in the Greek industry which, however, must accept new, nationally distributed investments in order to be able to meet the needs of the company's developmental program.

DEI's developmental programs provide for 440 billion drachmas in the next 5 years or 40-45 percent of the total public investment. A large part--65 percent--of the investments will be used to exploit the domestic energy sources (lignite, water, geothermy, etc.) while 70 percent of the total DEI investments--or 311 billion drachmas--will be absorbed by the Greek market, thus creating serious incentives for the utilization of the existing labor potential, for hastening the development of the industry so that it can be in a position to reproduce production means and for securing jobs for Greek workers.

Analytically, the progress marked until now for the hellenization of the projects presents the following picture by categories:

Hydroelectric Projects

The studies for the development of the hydropotential and for the construction of hydroelectric projects are being done today by the corporation's personnel itself with only small assistance from foreign special advisers. The participation of Greek companies or consortiums in the construction of civil engineering projects is considerable. It is expected that the new projects will be constructed by Greek companies. The construction of the electromechanical equipment projects is expected to be assigned to Greek companies with the condition that they supply the needed know how. Already the dam gates and pipelines for the Stratos hydroelectric project have been assigned

to the MEKAN Company. For the main electro-mechanical outfitting of Aoos hydroelectric station, which will cost 2 billion drachmas, DEI has asked for bids by domestic companies. It has also been decided to have the small hydro-electric project constructed by Greek companies.

Thermoelectric Projects

Each project is split into parts for which bids are asked. DEI is in charge of the overall coordination. This method was followed for the fourth unit in Megalopolis. Separate bids were asked for the civil engineering projects, for the boiler, the turbo generator and for the substation for raising the voltage. It should be noted that the study for mechanical engineering projects will be made by a Greek office. Also, for the first time bids were asked among Greek companies for the replacement of the small electrostatic filters at the Ptolemais thermoelectric station. The cost of the project is estimated at about 1.2 billion drachmas.

Lignite Mines

Between DEI and PYRKAL an agreement was signed providing the fastest possible construction of the electro-mechanical outfitting of the lignite mines. PYRKAL will buy, whenever necessary, the know how and will proceed with the construction in cooperation with Greek companies. Within the framework of the same agreement DEI will assign to PYRKAL the outfitting of the lignite mines in the next 5 years. The cost of this project is estimated at 70 billion drachmas. Already the first agreement was signed with PYRKAL for the construction of six conveyors at a cost of 5 billion drachmas.

This agreement a) insures the saving of foreign exchange totaling 1 billion drachmas; b) creates hundreds of jobs; and c) creates technological infrastructures through the assimilation of know how.

Three more agreements are about to be signed for the construction of bulldozers, moving platforms, and lignite-piling areas at the thermoelectric station in Amyndaios.

Mild Forms of Energy

For the development of the wind energy, DEI entered negotiations with the Greek Aircraft Industry /EAV/ for the construction of wind generators which will be installed in various islands. The DEI-EAV agreement for such a project was signed on 20 August. DEI also assigned to the Public Petroleum Corporation /DEP/ the drilling part of the geothermic studies provided DEP acquires the proper equipment.

Transportation Projects

DEI studies independently and constructs the power substations and the high

power tension centers of the transportation system. The 150 KV transmission lines are constructed and installed completely by DEI, while the 400 KV lines are already being manufactured by Greek firms. The Kardia-Alvania transmission line is being installed by a Greek company and bids for the installation of a transmission line from north to south were asked from only Greek companies.

Transmission Material

All the material for the transmission of electrical energy--posts, insulators, etc.--are manufactured in Greece. Cement posts, made in Greece, are preferred. DEI assigned to a small company the Peristeri region and to another company the Volos region for the construction of such material.

Other Activities

By agreement also, DEI assigned to the Railways Organization of Greece /OSE/ the transportation of mineral coal now and of coal ash in the future. These agreements are now doubling the OSE transportation load.

Since the spring of 1983, DEI has been experimenting with the technology of mixed combustion of lignite strengthened by mineral coal in an 8-15 percent proportion. This method was developed by DEI itself with positive results. Such combustion increases the capacity of the lignite using stations which in the past, by using lignite only, did not achieve their nominal capacity and the saving of 4 billion drachmas in foreign exchange due to the cost difference between mineral coal and oil. The total increase in the capacity of the lignite stations at Aliveri, Ptolemais and Kardia through the use of mixed lignite and mineral coal is estimated at 230 MW or at 11.7 percent of the total installed capacity. This is achieved without any additional investment.

Subsidiary Enterprises

DEI aims at broadening its activities beyond those slated in its charter by establishing subsidiary companies in cooperation with the state banks, the Organizations of Self Government, government agencies and private enterprises. These subsidiaries will function as independent enterprises and may undertake the marketing of the coal ash, the construction of transmission equipment, the co-production of heat and electricity, the tourist development of the hydroelectric station lakes, etc.

Evaluation of the Investment Program Results

The long time needed for the construction of the DEI projects does not allow an immediate evaluation of the many and beneficial results of its investment program. However, by examining each category of projects separately we can arrive at these conclusions:

In the area of the hydroelectric projects the technology for the construction of civil engineering projects has been made completely by Greek personnel which, at the time, is ready to go to other Middle East and African countries as it has already done. A labor potential of 5,000 persons is now being occupied in the area of hydroelectric projects. By breaking up the whole hydroelectric package and by asking for bids for various small hydroelectric projects it is expected that the supply and installation of the electro-mechanical outfitting will be cheaper by 20-25 percent and that more than 1,800 jobs will be added. Also, the exchange to be saved will be 20 percent of the total.

The proper planning for the construction of the needed regional stations, coupled with their distribution in many similar areas, will allow for the assimilation of the foreign high-level technology whose cost is forbidding.

As concerns the projects for the development of the lignite mines, the total cost can be reduced by breaking it up into smaller projects. By buying the know how and with the participation of Greek companies to a greater degree in such projects, it is estimated that, even in projects requiring high technology--such as are the bulldozers--the foreign exchange to be saved will reach 12.5 billion drachmas which means 1,700 permanent jobs. The investment program for transportation projects ensures at least 4,000 permanent jobs.

The systematic planning of providing energy transmission will contribute to the cleansing of the industrial branches which produce transmission and distribution materials, the production of which provides work for about 6,000 persons each year.

Few were those who some years ago believed that the energy sector could be totally served by the Greek industry. But no one imagined that DEI would entrust the largest part of outfitting its projects to Greek industry. DEI is proud for realizing the government policy for the independent development of the country.

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WEAKENED LIRA UNABLE TO CAPITALIZE ON CHEAPER OIL

Istanbul CUMHURIYET in Turkish 23 Aug 84 p 8

[Text] As the price of crude oil continuously dropped since 1981, prices of petroleum products continued to rise in Turkey. In this development, the U.S. dollar is the leading factor because it rapidly sets records against the Turkish lira, but high taxation on petroleum products is also an effective factor. As a result the Turkish consumer can in no way take advantage of the fall in world oil prices. On the contrary this continuous price rise is reflected on many commodities and services whether they are related or not and result in burdens that burn holes in the citizens' pockets. Consequently, not only those who use petroleum products, but everyone who uses commodities and services closely or remotely connected with petroleum products are adversely affected by these increases.

According to figures established by ANKA Agency, the price of crude oil that Turkey imported, after rising to $281.00 in 1981 dropped back to $254.00 in 1982, $227.00 1983 and to $217.50 during the first half of this year. However, because the Turkish lira was devalued against the dollar with an astounding speed, the per ton price of the imported oil in terms of Turkish liras continuously increased. One ton of crude oil that sold for 31,000.00 TL in the middle of 1981, sold for 41,000.00 TL in mid-1982, 50,000.00 TL in mid 1983 and approximately 78,000 TL in mid 1984. Based on these prices and in parallel with the increase in the value of the U.S. dollar, repeated price hikes were made in the prices of petroleum prices in Turkey.

Between August 1983 and August 1984 as the U.S. dollar reached 385.00 TL parity with a 64 percent jump the prices of petroleum prices rose by between 55-57 percent. In this way the price of regular gas which was 108.00 TL in August of last year, reached the 168.000 TL mark by jumping a full 60 TL. At the same time the price of diesel fuel rose to 113.00 TL from approximately 72.00 TL.

It does not appear to be possible that Turkey can take advantage of the fall in world oil prices in the event that Turkey persists in following this foreign exchange parity policy and the present policy of establishing petroleum product prices. Under these circumstances it appears to be inevitable that the hikes in the prices of petroleum products should continue to be one of the major factors fuelling the inflation.

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MARKET PRICES FOR HEATING FUELS SKYROCKET

Istanbul CUMHURIYET in Turkish 23 Aug 84 p 6

[Text] Firewood fixed at 14,600.00 TL for the Asian and European banks and at 15,200.00 TL for the Princess Islands by the Municipal Committee decision at the beginning of July sell in the free market between 13.870 TL and 18.000 TL per ton.

Istanbul Local News Service--Although we are living through the hot summer months, the anticipation for new price hikes force the citizens to buy their firewood and coal right now. According to official figures, prices of firewood increased by 34.5 percent, charcoal by 30.2 percent and soft coal between 10 and 27.5 percent depending on the type. As for the prices at the private outlets, they are rather higher than these. Despite this, officials of the General Heating Fuel Associat-on pointed out that they applied to the municipality for a new price increase and added "the firewood purchases from the wooded villages for between 15,000.00 and 15,500.00 TL is sold at a loss at the price fixed by the municipality. Those who cannot sell close their shops. We hear that those who do sell either sell at higher prices or cheat at weighing.

Firewood prices which were 10,850.00 TL last year went up to 11,950.00 TL last January and at the beginning of July the price was fixed at 14,600.00 TL for the Asian and European banks and 15,200.00 TL for the Princess Islands, is now sold at between 13,870.00 TL and 18,000.00 TL.

The reason for the high price of the firewood obtained from the Istranca Forest is that it is shipped to provinces such as Bursa, Ankara, Konya and Erzincan. Meanwhile one of our sources told us that the cheapest firewood was still sold in Istanbul and that it sold for 30,000.00 TL in Erzurum. It is also pointed out that beechwood and arbitus is mixed with oakwood, known as the highest quality firewood, and that this mixture "sile wood" is less efficient.

While firewood prices reached 18,000.00 TL in some private outlets, the Municipal Regulatory Sales Outlets officials point out, they themselves have difficulty in finding firewood although they are members of a coop and that there could be a shortage of firewood this winter. They add that they do not sell more than 2 tons of firewood per purchaser. Unfortunately many

citizens whose purchasing power is diminished are preferring coal to firewood but this time in most outlets coal is not available. Outlet owners who say that because of slow moving retail sales, as well as heat and winds, a lot of coal is wasted, claim that they will start sales in the autumn months. However, it was observed that sales continued through outlets with sales contracts.

While there is not too much demand for coke which until two months ago was sold for 28,100.00 TL by the Coal Sales and Distribution Agency and which is now sold at 36,600.00 TL, it is possible to buy the Agaeli coal preferred by the people of Istanbul for 5,000.00 to 10,000.00 TL. The Agacli coal is the cheapest and the lowest quality coal available.

Although soft coal whose quality changes depending on the area and depth of mining is sold for 5,100.00 TL at the Coal Distribution Agency, the price of Kemerburgaz soft coal varies between 9,500.00 and 11,500.00 TL at private outlets. Outlet proprietors say that they expect a 7 to 10 percent price increase on the Agaeli coal preferred by the people because it is cheap. At the Coal Distribution Agency the Keles soft coal is sold at 6,400.00 TL, Orhaneli soft coal at 6,900.00 TL, Tunebilek at 10,000.00 TL and Can at 9,400.00 TL. Coke is sold for 36,600.00 TL at the Coal Distribution Agency provided it is payed for in eash. The Soma soft coal can be purchased for 11,800.00 TL after application with proof of residence and following full payment at the Agency Directorate located in Sirkeci. The price of the Soma soft coal is 17,000.00 TL at private outlets.

Type of Product	Official Price in Turkish Liras		Increase in %	Market Price in Turkish Liras
	Last Year	This Year		
Firewood	10,850.00	14,600.00	34.5	15-17 thousand
Coke	28,100.00	36,000.00	30.2	--
Soft coal (Soma)	9,900.00	11,800.00	19.2	12-18 thousand
Soft coal (Tungbilek)	9,100.00	10,000.00	9.8	--
Soft coal (Can)	7,700.00	9,400.00	2.2	--
Soft coal (Orhaneli)	5,900.00	6,900.00	16.9	--
Soft coal (Keles)	5,400.00	6,400.00	18.5	--
Soft coal (Saray-Agacli)	4,000.00	5,100.00	27.5	9.5-10 thousand

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TOXIC CHEMICAL RISK ASSESSMENT PROVES ELUSIVE

Duesseldorf WIRTSCHAFTSWOCHE in German 31 Aug 84 pp 26-27

[Text] A comprehensive analysis of the dangers posed by chemical substances is only in the beginning stages. But what is still entirely missing is any point of departure for linking the economic utility mathematically with the ecological burdens.

Yesterday it was the deadly poison dioxin. Today it is the cancer discussion over formaldehyde. Tomorrow possible changes in hereditary constitution through chemical products could be at the very top of the agenda or the subject of allergies could move to the center of attention.

In the case of which substance up to now unknown risks are possibly still discovered or revealed is a question which makes even an industry expert from the Association of Chemical Industry (VCI): "Almost everything can happen with everything." There are, after all, a total of 50,000 to 60,000 chemicals in the FRG.

For the sensitization in regard to undesirable consequences of its production, the industry is indebted last but not least to itself. For, on the one hand, frequently a no longer tenable position was defended for too long. Example: Dioxin. On the other hand, however, it is precisely scientific progress which has brought about better realization of potential or acute burdens. The improvement of the analytical instruments makes it possible to prove the existence of such minute amounts of substances that fractions of parts per million have in the meantime also become a magnitude in political debate.

As a matter of fact, a thousand times smaller concentrations were introduced as far back as 1976 as a dimension in a regulation concerning the admissible maximum amount of Aflatoxin B_1 [not further identified] in food products. The poison, discovered as the secretion of a fungus, can cause cancer of the liver. Chemists like to cite it as an example of the fact that the dangers of natural substances compared to those of substances obtained in retorts are by far underestimated. Of course: If the--largely unsusceptible--natural dangers are already so great, then the risk potential created by man should be controlled all the more.

The industry itself confirms this indirectly through its own efforts. Thus,

for example, one can read in the annual report of the chemical association: "In order to link the data on the experience of the individual enterprises with respect to possible health hazards at the work place, the development of a uniform collection and assessment system is necessary."

These problems are now being tested in a feasibility study. Another project: In the toxicology center in Brussels the enterprises are attempting to develop testing programs on a Europe-wide basis for the measurement of poisons. For often there is great confusion when--depending on different methods--different data on the same source of danger are made public.

Confusing diversity is also reflected in the dozens of lists in which, on a FRG- and Europe-wide basis, chemical dangers and their limitation are enumerated and standardized. One example for the treachery of such lists: To be sure, according to the law on chemicals, every new substance has to be exhaustively tested -- for which, in the opinion of the president of the Association of Chemical Industry, Heinz-Gerhard Franck, the "bureaucratic expenditure is too high and the execution is too expensive". But this does not encompass the risks of the old substances. Of course, at the present time no one dares to state in figures what their testing would cost.

The registers are becoming longer and longer. The accuracy of measurement and thus also the estimating of danger potential is growing by a facter of 10. Thanks to equally rapid expansion in data processing, however, it should also be possible theoretically to link risk and utility in a network of computations. Comprehensive data banks, such as those in the Federal Environmental Agency, would offer such a point of departure.

Whether such matrix models can ever be programmed, however, even an environmentalist like Rainer Griesshammer of the Ecological Institute in Freiburg does not dare to predict. The scientists concerned with environmental protection, who in the meantime--unofficially--are being taken increasingly more seriously even by the Association of the Chemical Industry, would be satisfied with finding a "coarse screen" for a policy relating to chemical substances. Griesshammer: "If we recognize burdens on the environment in good time and search for alternatives in the way of products, then it cannot happen that employees stand in front of closed gates of plants when authorities close down an enterprise."

How great economic effects of decisions with regard to environment and health could be, has in the meantime been demonstrated by formaldehyde. The Ludwigshafen BASF [Baden Aniline and Soda Factory], the chief German producer of this basic chemical, calculated that in the FRG in approximately 50 different branches of industry--from particle board production to soap makers--products are needed in which the substance, produced for 90 years in large-scale industry, can be found. Thus 3 million jobs and annually 300 billion marks in sales--approximately one-fourth of the gross national product--indirectly depend on formaldehyde.

In the meantime, people in Ludwigshafen themselves probably are no longer very happy about this calculation, for it leads after all very quickly to the conclusion that a prohibition of several key chemical substances would paralyze

the economy to the extent of 150 percent. In the Industrial Labor Union for Chemicals, Paper and Ceramics, too, such projections are designated as "reckless". After all, it is said, industry also miscalculated in the case of asbestos. There substitute materials were found without the loss of jobs. Of course, it is precisely at the trade union conference for the chemical industry beginning on 2 September in Berlin that a more intensive debate on environmental protection can be expected than was customary up to now in this organization. Its chairman, Herman Rappe, to be sure, has already marked out the limits also in the discussion with other trade unions. It would be a wrong road, in Rappe's words, to want to overcome the environmental problems "with fundamental solutions that are hostile to industry".

The discussion about economy and ecology, however, will break open again at the latest when a regulation concerning the "emission of chlorinated carbohydrate (CKW) from greasing and degreasing plants" can be expected. On the average every tenth commercial and industrial enterprise, according to estimates of the Federal Ministry of the Interior, can be considered as a potential user of chlorinated carbohydrate--especially metal processing enterprises. In households chlorinated carbohydrates, for example, can be found in the form of paint brush cleaners and spot removers.

These carbohydrates are so explosive because--as the CDU deputy Peter Boroffka set forth in the Union-of-Germany-service of his party--the particles reaching the environment through evaporation and exhaust are hardly decomposable biologically, some of representatives of this class of materials are being proved to be carcinogenic, and, moreover, it cannot be ruled out that that these substances might also be involved in the dying of forests.

However, prior to an emission limitation, according to the Ministry of the Interior, additional information must be gathered concerning the state of technology. There the possibility cannot be excluded that the reproach of concealment and conflict of interests again boils up, just like Health Minister Heiner Geissler has just now rejected in the case of formaldehyde with all indications of aversion.

However, Geissler cannot deny the fact that there was quite considerable confusion. There is talk about "contradictions" of the three federal agencies involved and about "vague and not quite unequivocal statements" by the Federal Health Ministry. Now it is to be made clear by October whether formaldehyde is officially classified as carcinogenic. In that case restrictions could certainly be expected--but in all probability hardly a general prohibition.

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